*The China Weekly*

# REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

# The Japanese Army and World Public Opinion

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SATURDAY, AUGUST 31, 1935 VOLUME 73, NUMBER 14

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# REVIEW

Formerly Millard's Review

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## IF THE JAPANESE SHOULD "DRIVE OUT" HENRY FORD—

WE suggest to the Chinese Ministry of Industry that they watch very carefully the contest that is going on between the Japanese Government and Henry Ford. The Japanese Government is trying to wrest control of Ford's motor car assembly plant in the Island Empire from him; that is, it is trying to bring it about that in future the Ford concern must bow to having some Japanese bureaucrat having the final say in how his (Ford's) business is to be run. When it comes to the final showdown it is even a possibility that Henry Ford will withraw from the Japanese field entirely rather than knuckle under to Japanese bureaucracy. Mr. Ford knows very little about history, he was "way off" on his ideas about Peace during the World War, and it was proved in his suit against the *Chicago Tribune* for libel over a decade ago that he didn't know what the dictionary definition of an "anarchist" is—nor, as a matter of fact, do many other people. But Henry knows a great deal about motor cars and probably even more about the successful runing of an establishment to produce and market them. He is exceedingly jealous of his ability in this respect and in his endeavors to maintain his independence he has fought not only the American government, but Jewish capitalists and the labor unions to boot. And let it be said to his credit, for all the world loves a good jouster, he has been successful every time. Henry Ford has beat the labor unions at their own game He pays his men higher wages even than the labor unions, where they have been in control, have been able to obtain. His system, it is true, is a hard one. A visitor to his Highland Park or River Rouge plants in Detroit comes out of those roaring hives of endless belts and intense speed with his brain in a whirl. But his system works and that, as society is consituted today, is what counts.

But now to get back to the situation in Japan. The Japanese Government is overreaching itself in trying to make Mr. Ford yield up 51 per cent of the stock in his concern in Japan to the Government. In this respect, and in its attitude towards foreign business in general, the Japanese Government follows the same "line" that the Chinese

Government does. The idea in both cases is to not so much to "rub it in" as to prevent foreign capitalism from getting the upper hand in the country—as, for instance, it has done in Mexico. But the difference as between the foreign oil and mining companies in Mexico and a manufacturing establishment such as Ford's in Japan (or eventually in China) is that the former have grabbed the natural resources, whereas Ford is merely trying to develop a new industry. It is a laudable object for any country, and that includes Japan and China, to try and develop an industry on its own account, and not leave it to foreigners to be done. But the Japanese, clever as they have shown themselves to be—in the cotton industry, for example—have not yet developed a genuis comparable even remotely with Ford or any other American motor car manufacturer. The much-talked-of "toy" Datsun car has so for reached a sale of only a few thousands, despite its low price. Now what the Japanese are trying to do is to make Ford work under their direction—and this he quite rightly refuses to allow. After all, the area of Japan is so small compared with that of China, that so far as future business goes China offers ever so much a greater field.

Ford will, naturally, at least for the present, prefer to have his Far Eastern headquarters in Japan, not only because immediate business prospects there are better, particularly because of the demands for military transport for the Japanese Army, but also, if it comes to a matter of foreign business, because the Japanese have better-established marketing facilities. But in case the Japanese foolishly drive Ford out of their country, we suggest that China should go out of its way somewhat to avoid the same mistake that Japan would be making. After all, the benefit that Ford could bring to China would far transcend any profit that he could derive from this country—for, after all, he is so rich now that he doesn't have to care either about Japan or China. But we believe that, if it ever comes to a test, it will be worth China's while to respect Ford's spirit of independence.

# The Japanese Army and World Public Opinion

AS these paragraphs were written in Shanghai, the Japanese Imperial War Department was holding in Tokyo a meeting which was described as " the most momentous conference in the recent history of the Japanese Imperial Army."

Was this conference concerned with some critical phase of the world political situation, such as the Italo-Abyssinia crisis? Or possibly with Japanese politics on the Asiatic continent and the crisis with China and the Soviet Union? Or was the conference concerned with the crisis in Japanese domestic economic life precipitated by the Army's (and Navy's) demand for increased military funds which will necessitate further and practically unlimited issuance of "red ink" bonds?

No—this "most momentous conference in the recent history of the Japanese Imperial Army" was being held because one high Japanese army officer murdered another high Japanese army officer in an office of the War Department in Tokyo. For those who are unfamiliar with the geography of Tokyo, the Imperial War Office is located on the opposite side of the moat from the mediaeval wall which surrounds the palace wherein resides His Imperial Majesty, the Emperor of Japan. All Japanese army officers take a solemn oath to defend their Emperor and all Japanese soldiers killed on the battlefield are supposed to die with a smile on their faces and a prayer on their lips that they went willingly and gladly go to their deaths because of their love for their Emperor and for the glorification of the Imperial throne.

Shortly after the Japanese invasion of Shanghai early in 1932, Gen. Araki, the then War Minister, made a speech wherein he declared that no Japanese officer or soldier could live after having been made a prisoner by the enemy. Shortly after that, one of the Japanese officers, Col. Kugu, who had participated in the Shanghai war and who had been captured by the Chinese and held a prisoner for several days, went out to the battlefield where he had been captured and blew his brains out. He left a note saying he did it for the glorification of the Empire and as an example for other officers. Suicides by the harikari (stomach-slashing) method have been quite common in Japan among army officers and soldiers, and even by civilians; in all, or practically all, cases, the purpose was to call attention to wrongs or fancied wrongs or abuses; the object being to attract the attention of the Emperor and thereby obtain redress.

It has only been in recent years that Japanese army officers have begun killing each other, or murdering civilian officials of their government. Shortly after the seizure of Manchuria by the Kwantung branch of the army, which act in itself was a breach of military discipline, a gang of army and navy cadets and civilian reactionaries tried to assassinate all of the high officials of the government—and nearly succeeded. Their object was to create a reign of terror, making necessary the enforcement of martial law and the creation of a military-fascist dictatorship. The plot failed because the Tokyo police and gendarmes remained loyal to the civil government and arrested the military gangsters.

In the most recent affair in Tokyo a Lieut.-colonel, one Saburo Aizawa by name, walked into the office of Lt. Gen. Tetsuzan Nagata, Director of the Military Affairs Bureau of the War Office, and, drawing his sword, slashed Gen. Nagata to death. It was this affair which caused Gen. Senjuro Hayashi, War Minister, to call what *Rengo* described as the "most momentous conference in the history of the Imperial Japanese Army in recent years." The report stated that all high officers of the army had been ordered to attend the conference in order to receive instruc-

tions on the tightening of army discipline. The War Minister was scheduled to deliver an important address on the subject and, in addition, he announced his intention of personally interviewing each divisional commander and other high officers attending the conference on the matter of preserving army discipline. Following this, the matter of preserving discipline was to be carried still further into the military schools and other institutions conducted by the army.

Space is not available for an extended discussion of what the Japanese mean by "breach of army discipline" and the "necessity of tightening army discipline." The *Nichi-Nichi* Shimbun on August 19 cited four reasons for "disturbances" in the Japanese army:

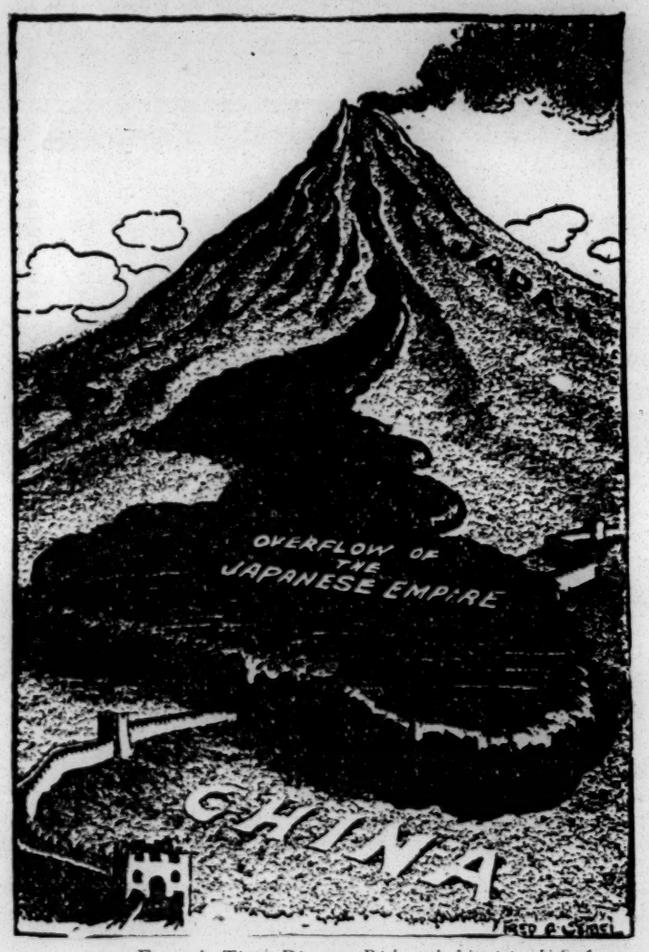
1. Formation of factions and cliques;
2. Dissatisfaction on the part of commanders outside of Tokyo with the management of the head office in Tokyo;
3. Contact of military officers with civilians giving opportunity for army men to acquire "impure" thoughts;
4. Dissatisfaction of young officers who are non-graduates of military schools or colleges with the system whereby academy and college cliques are favored in promotions over non-college men.

Reports in the Japanese newspapers also hint darkly at "secret" factionalism and the circulation of "mysterious" documents involving the honor and prestige of the army. The *Nichi Nichi* on August 20 said that a section of the Supreme War Council favored "gradual" instead of "drastic" measures in solving the trouble. However, the War Minister was determined to go through with the "purging" movement regardless of consequences.

In the issue of *The Review* for Aug. 3, there appeared an article by a correspondent at Tientsin which purported to give the inside story of the recent "coup" staged by Gen. Hayashi whereby the so-called" die-hard" clique in the army allegedly was kicked out and the regular or "orthodox" group restored to power. The story was rather difficult for anyone not familiar with the intricacies of Japanese mediaeval military politics to follow, but briefly, it was explained that the Manchurian adventure in 1931 had made it possible for the Kwantung clique and the "die-hards" to obtain control, or at least, a dominating position in the head or War Office at Tokyo. The Hayashi "coup" staged late in July, which resulted in the ousting of numerous officers, including the all-powerful Gen. Mazaki, Inspector General of Military Education, was supposed to have solved the trouble, but it apparently did not—witness the murder of Gen. Nagata last week and the further attempt to "strengthen discipline."

That the latest attempt to "strengthen discipline" in the Japanese army will fail is obvious, because the reactionaries in control of the Japanese army are attempting an impossibility. They are trying to do what the Kaiser and the Prussian military clique tried to do in 1914 and failed. The reason they will fail is that they are trying to bolster up a mediaeval conception of governmental administration in Asia which was repudiated in Europe several centuries ago, and completely discredited by the American Revolution and which no power on earth can restore to the minds of modern mankind. After all, the modern Japanese mind, when unrestricted by the fear of military repression, is just as open to new ideas as are the minds of other peoples. The Japanese young man who works in a modern office, rides

WILL ANY ONE STOP IT?




*From the Times-Dispatce, Richmond, Virginia, U.S.A.*

in taxicabs, reads daily newspapers, listens to the radio and sees airplanes flying overhead, cannot arbitrarily be forced to limit his mental perspective to the status of the Middle Ages when it comes to governmental affairs. The discussions in the Diet and press concerning the "Emperor-Organ" theory indicated that the Japanese people are thinking in modern fashion—despite military repression.

It has been pointed out that one of the chief objectives of the Japanese army in staging its Manchurian adventure in 1931 was to block the further development of democratic ideas on the Asiatic continent. The Japanese military leaders were terribly disturbed at the 1911 Chinese revolution and their alarm has increased in geometrical proportion with each move toward further democracy among the masses of China and Asia generally. The present diatribes in the

Japanese press against the so-called American and European "groups" in the China political set-up are due to Japan's—or rather the Japanese army's—fear of the democatic ideas held by members of these groups.

The Japanese army would stop these development and stifle these democratic ideas by putting the Chinese people back under the mediaeval Manchus and by re-inforcing the draconic regulations of the days of the Boxer Rebellion. Today the Japanese Army has forced 30,000,000 Chinese citizens to accept a discredited Manchu "emperor" and in addition is trying to force many more millions in Northern China back into a similar status.

But, as usually happens in the world—those whom the gods would destroy they first make ridiculous. This apparently is what is happening with respect to the leaders of the Imperial Japanese Army and its equally reactionary supporters in the commercial and political fields who hope to gain something from the Army's campaigns. Included in the category of "ridiculous" acts were the recent attempts to suppress or interfere with newspaper discussion bearing on Japanese activities. But of most significance under the heading of ridiculous acts was the recent murder in the Tokyo War office and the ensuing attempt to "enforce discipline" in what is already generally regarded as the world's most reactionary military organization.

Recently a well informed American observer visited the Far East and in a conversation with a friend in Shanghai said that he was especially interested in the question of American intervention in the Far East. He said that prior to his departure on his trip he was convinced that practically nothing could happen which would drag America into a war or serious political complications in Asia. He said that public opinion in America at this time would be opposed to intervention in Asia on practically any score—preservation of treaties, support of American business or missionaries—or any other reason.

But since coming to the Far East this American observer had changed his mind and has reached the conclusion that American intervention was possible. The thing that caused him to modify his original views was based on a study of the present attitude and set-up of the Imperial Japanese Army. "Despite all possible efforts on the part of the American people and their government to avoid trouble in Asia, no one can forecast when the Japanese military group will do some foolish thing that will create a situation making it impossible for America to remain neutral". This, in his opinion, made it necessary for the United States to go ahead with its armament program in the Pacific, the inspiration being similar to that which causes the individual to arm himself when a dangerous criminal in loose in the neighborhood.

Shortly after Gen. Havashi announced his latest scheme to "enforce discipline" in the Imperial Army, an officer of the now all-powerful Kwantung group, which has a strangle-hold on Manchuria, announced that—regardless of what Hayashi was doing in Tokyo—the Kwantung Army would proceed as it had since 1931. This is the way the Kwantung Army's leaders previously talked with regard to foreign opinion on their actions in Asia; hence it apparently was inevitable that they should sooner or later begin talking in similar fashion about their own superiors in the Tokyo Government.

Many person doubtlessly will feel that it is a good sign when Japanese Army officers begin killing each other in the War Office in Tokyo and within the shadow of the Imperial palace housing the Emperor whom they are solemnly pledged to protect. But while the battles within the Japanese military family may give Japan's Asiatic victims a slight breathing spell, it doesn't relieve the danger which hangs over this section of the world. As the situation continues to darken in Japan, the danger of a more serious crisis in Asia will be increased because the military clique in order to direct attention from its own excesses will sooner or later precipitate a situation which may lead to war.

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## "Americans of the Raven Stripe"

*From "Living Age" Magazine, (New York)*

American Bankers in China have recently hung up a record worthy to rank with their exploits in Germany. On May 24 of this year three American concerns with headquarters in Shanghai—the Asia Realty Company, the American-Oriental Finance Corporation, and the Raven Trust Company, with a total capitalization of some 20 million Chinese dollars—closed their doors. All these concerns were controlled through the Raven Trust Company, holding company that, in accordance with democratic American traditions, was largely owned by Frank J. Raven, a native of California, a fervent Rotarian, a Shanghai bull, and a pillar of the local church. The trouble, like so many American financial troubles, originated in real estate, but, because many of the creditors of the Raven Bank are foreigners, it will not have an easy time meeting its obligations. The most important aspect of the affair is the blow that it strikes at American prestige in the Far East. But those of use who resent being dragooned into war with Japan or Russia to protect the interests of the British Empire and Americans of the Raven stripe in the Far East will not have difficulty in detecting a silver lining to this dark affair.

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## Japan Seeking Emigration Outlet in Pacific for Surplus Popu ation

An article asserting that the Japanese Government is preparing to open diplomatic negotiations with Great Britain, Holland and other Powers with the idea of securing emigration rights in the Pacific for her surplus population, was given great prominence in the London *Daily Herald* Aug. 27. The article added that it is thought that, if Japan saw some prospect of her emigration needs being met, she may be prepared to modify her attitude over naval armament.

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## Nanking Threatens to Ban Books Not Using Simplified Characters

A set of regulations governing the enforcement of simplified Chinese characters, consisting of nine Articles, has been issued by the Ministry of Education to the departments and bureaus of education of the various provincial and municipal governments for adoption. Beginning next January, one of the regulations says, all text books for primary and mass education schools as well as books for children, either newly published or reprinted, shall use simplified characters. The object of enforcing the simplified characters being to facilitate the anti-illitaracy drive throughout the country, the regulations stipulate that any text books which violate the above ruling shall be banned.

# Shanghai Landlords at Bay

ALL over Shanghai the most conspicuous features on the landscape are "For Rent" and "To Let" Signs. In the French Concession whole blocks of shop premises in newly constructed edifices are without tenants and the prospects of their getting any within an immediate future grow poorer instead of better from day to day. In the older blocks of houses there is hardly any without the familiar Chinese Court posters announcing that the contents have been seized for rent. In the Central District a typical instance of rapacious landlords getting their deserts is to be seen. A well known restaurant man was the lessee of two premises within a few blocks of each other. In one instance the landlord had had his tenant for eight years, but could not see the point that times did not justify a continuance of the old rentals. In the other instance the landlord haggled over a matter of a difference of twenty-five dollars per month. The upshot was that the restaurant man gave up both premises, and as the removal to another site coincided with the Raven bank failure his checks for the payment of rent were returned "NG." So the landlord (in one instance) hurriedly got out a restraining order, for which his lawyer charged him a good fat fee. The moral of this story is that both of the abandoned premises are still empty and they will probably continue to remain empty for many moons unless the landlords have it borne in upon their consciousness, if not their consciences, that in times such as these no one is willing to risk hard earned money to pay fancy rents even for the best of locations—as both of these two sites happen to be.

The general public in Shanghai, both Chinese and foreign, finds a certain poetic justice in the difficult position in which Shanghai landlords find themselves. These landlords have basked so long in the sunshine of prosperity, engendered by a constantly growing population—which in itself had much of its genesis in the fact that conditions in the interior of this country are disturbed—that they could not possibly realize that there could be an end to their prosperity. In no spot on earth have landlords been so pampered as here on the shores of the muddy Whangpoo. To begin with, the incidence of the British taxation system which exempts the landlord from paying about half the taxes that the property carries, is in itself an incentive to the landlord to hold out for the last cent in fixing his rental. And while the landlord holds out for his high rents, the building remains empty, and as a result the Municipality is "out" about half of its usual income from the premises, as under the system in vogue here, when there is no occupier, what is known as "rates" (that is taxes based on rates of rental), are not paid.

But the real Santa Claus who showers his gifts upon the Shanghai landlords is the combined Armed Protection which the Powers of Europe and America confer upon this favored spot. The agreements made with China, conferring extraterritoriality and settlements, particularly point out that these privileges are intended for the benefit of the foreign merchant and residents—nothing is said about landlords. But landlords almost from the beginning started selling the protection which the taxpayers at home gave them free of charge and put the proceeds in their own pockets. They started doing it in the Taiping rebellion and they have been doing it ever since. Most of them are British, and these landlords do not even pay an income tax on the revenue which they derive from these premises. Some of the most conspicuous foreign landlords in Shanghai, although British, are not English, however. Some of them have never even been in England, having come by their British nationality by reason of birth or residence in some British possession located in Asia. Most of these particular estates had their origin first in the proceeds of the opium trade—which exploited the Chinese populace in one direction—reinvested their profits in real estate, and now exploit the Chinese population (principally Chinese, but also foreign merchants generally) in another way. This is the way it works out: Because of the armed forces of Foreign Powers being located here there is more political stability, and also personal safety, than in other parts of China. Thus large numbers of Chinese are drawn here for this reason alone. The result has been an abnormal price for real estate and incidentally a hugely inflated basis for rentals. The real "water" in Shanghai landlordism has been the foreign protection—and that holds even now, despite the deflation which has taken place in the last year owing to world economic conditions. A much bigger deflation is due when eventually the exterritorial prop is taken away.

No tears are being shed by the general Shanghai public because of the situation in which one large British estate finds itself. It is *apropos* here to mention that few merchants, and particularly not Americans, own the premises in which their offices are located. The founder of this particular estate died several years back and left the property to his widow. At that time real estate was at its zenith. The British taxing office was at last coming into something. It never was able to touch the income of the estate, but now it was able to enforce the death duties. In assessing the basis of taxation the highly inflated values of several years back were used. The estate was "long" on properties, but "short" of ready cash. To meet the death-duties huge loans had to be floated and mortgages contracted Now with the slump in real estate and the rapidly mounting list of empty premises the estate finds itself in a difficult position in meeting its obligations under the mortgages.

Among those who feels no sympathy for the said estate is the writer. Some years back, in an interlude of newspaper work, he was connected with an auction house, part of whose business it was to

close out the personal property of tenants of this estate, among others, by orders of the old Mixed Court. At first hand he saw the system of ruthless landlordism in the raw. Nothing was too small to be overlooked. Tenants in hovels in the byways of the Settlement whose only possessions were a table, two chairs and a collapsible bed—the whole thing not worth ten dollars—would be evicted and their few belongings seized for rent a month or so overdue. The buildings themselves were a disgrace. In some instances a light blow with a fist would send the walls crumbling. In winter the wind would whistle through them and the miserable tenants would paste thicknesses of newspapers over them to keep out the cold. The paste that was used proved fertile breeding grounds for insects of many species and the writer is willing to confess that in some instances he lost a few dollars in revenue from the crowd of bidders, and thereby contributed to the greedy landlord's losing a few dollars, because he wanted to get out of the hovel as quickly as possible to avoid the over-sized cockroaches!

G. W. M.

## Reds Threatening Changteh, Hunan

*(By the Review's Hunan Correspondent)*

FROM three independent sources word comes from northwestern Hunan, that the Reds are again moving eastward from Sangchih, in the area bordering on Hupeh, Szechwan, and Kweichow. The government troops under General Hsu Yuan-chuan have been engaged in fighting the Reds under Ho Lung and Hsiao Keh the past month in the neighborhood of Shihnan, southwestern Hupeh. It is reported that the 41st division has been decimated and that the general in command was captured by the Reds. His fate is not known. His chief-of-staff rather than face capture, committed suicide.

About a week ago word came through from foreigners living in northern Hunan, to the effect that Ho Lung was once more in his old home country of Sangchih. Government authorities in Hankow admit that Ho Lung is marching his men eastward from this point, i. e. toward Changteh.

### Reds Reported in Tsingshih

Telegrams arriving Aug. 27 from Changteh state that foreigners there are preparing to evacuate, and that foreigners had already evacuated Tsingshih, northeast from Changteh on the macadamized highway. Word has just come to hand that foreigners had not yet evacuated Changteh by 2:30 p.m., but advised returning vacationers to remain in Hankow until the situation clears up.

### Tsingshih, Hunan, Evacuated

The Reds, and apparently some of those under Ho Lung, are reported as being in Tsingshih, and that by a foreigner who resides there, but had managed to flee in time. This district has been devastated by floods during the summer months and last winter visited by H Lung and and his hordes. The people are being ground to powder between the upper and nether mill stones of famine and banditry. This year for full measure they got an extra dose, a flood surpassing anything ever heard of in this region. The city of Shihmen was entirely wiped out.

### Ho Chien Not Too Popular in Hunan

Feeling in Hunan province is running quite high against Gen. Ho Chien. The recurring incursions of the Reds involuntarily make the people ask the question: Why doesn't Gen Ho exert himself to the utmost and annihilate the Red forces under Ho Lung? Since Ho Lung's hook-up with Hsiao Keh his fighting force has been growing in power and prestige. Why wasn't this union prevented? Why doesn't Gen. Ho Chien and his men cooperate more fully with the Hupeh forces in fighting the Reds? Of course these questions are not asked in public, but they are agitating the minds of the thinking Hunanese. Some day there will be a day of reckoning. Perhaps the present predicament will lead to some more drastic measures being taken against the Reds. The Reds mean business 99/100 % of the time. With them it is a matter of life and death for themselves.

### Chiang Confers with Marshal Chang and Gen. Ho Chien

Apparently Gen. Ho Chien, chairman of the Hunan Provincial government, was aware of the impending Red drive, for he came all the way from Changsha to have a few minutes with the Generalissimo as he passed through Hankow. Besides Ho Chien, the Young Marshal, General Ho Chen-chun, who has just been appointed head of the Anti-Red Forces in Hupeh, Hunan, and Szechuan, and General Yeh Peng, conferred with the Generalissimo. It is to be hoped that closer cooperation between the various government agencies will eventuate.

### Hupeh and Honan Comparatively Free from Reds

While Hunan is being visited by Ho Lung's gang once more, Hupeh and Honan provinces are being relieved of undue apprehension due to the Reds. Of course the flood along the Han river had made this territory very poor picking just at present with famine conditions actually present or impending. Drought threatening in certain sections of Honan, makes that area less attractive, too.

### Kikungshan Resort Peaceful This Year

The Kikungshan summer resort has had a very peaceful seasson. More foreigners and Chinese have availed themselves of the opportunity to vacation there than any previous year since 1926. Many houses are being sold in the North Valley and in the West Valley more and more houses are being renovated and revamped for occupation. A small band of Reds passed north of the mountain during the summer, heading for Szechwan.

### East Kansu Situation Serious

The Red commanders, Chu Teh and Mao Tse-tung, driven out of northern Szechwan, have now occupied a section just south of Titao, where a large group of missionaries are at present staying having evacuated several cities in that area.

Another communist leader, Hsu Hai-tung, has left Southern Shensi and taken the districts of Huihsien and Chenhsien in eastern Kansu. Another report states that American and British missionaries have been asked to evacuate Kansu, including Lanchow, the capital, and concentrate at Ningsia. This band of Reds will no doubt seek to join forces with the Chu-Mao group. Is it not possible that the Russians are encouraging the Reds to concentrate in this northwestern province, in order that they may have a point of contact with the home-base of communism through Sinkiang? Perhaps the Russian Bear is longing for a larger piece of the Chinese pie, and casting envying eyes on their island neighbors, as they gorge themselves.

Hankow, Aug. 27, 1935.

## Congratulations on "New Life" Stand

The Editor, *The China Weekly Review*:—

I want to offer you congratulations on your stand with regard to the "New Life Weekly" incident. The statement of yours as reported by Reuter, Aug. 22, concerning Japanese military officials and their behavior, is certainly choice but I doubt if they have enough sense of humor to get the point.

The articles you have been running the past few months, especially some by your contributing editors, Messers Meng and Wang, have been very frank and outspoken. In fact they seem to stand alone as about the only courageous utterances concerning the status quo in Chinese politics and international relations. I trust that you will continue to publish as you can discover of the truth of the situation in China now. It seems to me that one of the most effective weapons against Japan's present manœuvers in this country is publicity and more publicity. The *China Weekly Review* has been doing its duty and even more in this respect. No doubt you will feel more and more pressure coming to bear upon you if you continue your present policy, but I, for one, am wholeheartedly back of you as long as you refuse to be intimidated by the strutting generals from Dai Nippon.

Peiping, Aug. 24, 1935. D.A.

### More Congratulation on "New Life" Editorial

The Editor, *The China Weekly Review*:—

Congratulations! I am so glad that your "dangerous thoughts" are menting the attention of our Japanese friends. To think that your article should have "revived the most objectionable parts of the 'New Life' editorial." You must realize that the Japanese would never think of reviving, or focussing attention upon, any objectionable article, incident or cartoon by giving it mention again!

I will come to prison to see you—expecting to find you in good company between cells occupied on the one side by the unfortunate editor of "New Life" magazine, and on the other by the penitent editor of "Vanity Fair"! Let me know when?

Shanghai, Aug. 24, 1935. T. G.

# Army Discipline Is Once More Stressed by Japanese War Minister Hayashi

ORDERS designed to enforce strict discipline in the Japanese Imperial Army were given Aug. 26 by General Senjuro Hayashi, War Minister, to more than a score of high military officers assembled in the conference hall of the War Office.

In addressing the officers, General Hayashi declared that he was to blame for the assassination of Lieut.-General Tetsuzan Nagata, Director of the Military Affairs Bureau of the War Office, on Aug. 12 by a lieutenant-colonel, thus adding strength to the reports that he will resign his post in the near future.

The unfortunate event, General Hayashi said, was "doubly regrettable" because it occurred at a time when the Ministry, faced by "emergency situations both abroad and at home," was seeking to unify the control of the Army and strengthen its discipline.

"Although I am confident that the rank and file of the Army remained unaffected by the event, thanks to the efforts of the commanding staff, we have decided to call this conference, in view of the shock produced by the occurrence," said General Hayashi.

"The need is apparent for urgent steps to produce perfect unity in the Army ranks, through the enforcement of discipline, to enable the Army to perform its service to the State," he continued.

"The Army's existence depends upon unity, resulting from a constantly consistent form of control. Officers, who form the backbone of the Army, should clearly understand the spirit that was behind the founding of the Ar y and should always look upon matters from the point of view of the entire force as a unit personally commanded by the Emperor.

"Consequently, every man and officer should clearly realize that every act is an expression founded upon the will of His Majesty, and that every move should clearly follow the line of command," General Hayashi told the assembled officers.

Turning his attention to the commanding staff, the War Minister urged the officers to "be on guard in their acts and speech."

"The officers must maintain the prestige of the Army in their contacts with subordinates. Especially must they be careful in matters relating to military secrets. They must be able to distinguish a rumor by the exercise of sound judgment. The spread of irresponsible gossip must be prevented through concerted effort in the interests of the Army's honour and prestige," General Hayashi declared.

"Commanders of military units must treat their subordinates with affection, and they must do all in their power to improve the latter by constant persuasion. Should, however, some subordinates refuse to follow directions, they must be dealt with severely.

"The lower ranks of the Army, on their part, must eagerly follow their commanders' instructions, and should break no rules in expressing their opinions.

"In short, in view of the seriousness of the present situation, the rank and file of the Army must unite in promoting the 'Army Spirit.' They must make no error in practising the principle given to them by Emperor Meiji in the Rescript of 1884," he concluded.

The conference took place in a very solemn atmosphere. Following the conference General Hayashi held interviews with Lieut.-Generals Asaka, Higashikuni, Ueda, Terauchi and others, explaining the circumstances attending the assassination of Lieut.-General Nagata and exchanging views on the steps to be taken to strengthen the Army discipline. General Hayashi gave great prominence to the "Nagata Case" at the morning's conference, explaining that it had given "great anxiety to His Majesty."

### Veterans Repudiate "Organ" Theory

More than 1,500 Army and Navy veterans in Tokyo, Aug. 27 united in voicing their condemnation of the so-called "Organ Theory" of constitution at a monster rally sponsored by the Imperial Reservists' Association. A resolution passed by the meeting also severely criticized the recent declaration of the Government repudiating all unorthodox interpretations of the Japanese national policy. "The subject of sovereignty is the Emperor," read the resolution. "This constitutes the essence of our national polity and the basis of our philosophy. The 'Organ Theory' not only impairs the dignity of His Majesty, but also affects the Supreme Command, thus menacing the nation. We firmly repudiate this theory." "Contrary to our expectation," continued the resolution", "the latest Government pronouncement did not help in the clarification of the question of sovereignty."

"In view of the seriousness of the present international situation, national defense becomes all-important. We, the members of the Imperial Reservists' Association, in trying to eradicate the false ideas of pacifism, are seeking to strengthen the national defense and demonstrate our loyalty to the Emperor."

### Tokyo Military Heads Confer on Army Discipline

Questions of military discipline were discussed at a three-hour meeting Aug. 22, between Gen. S. Hayashi, War Minister, and Gen. S. Araki, his predecessor and a member of the Supreme War Council.

Following the interview, the War Minister said he had invited Gen. Araki, who headed the War Office in 1931-34, because they had not met for some time and that "tended to produce rumors." The War Minister admitted that the results of the meeting would "find reflection" in the measures contemplated by the War Office to strengthen Army discipline, following the assassination of Lieut.-Gen. T. Nagata, Director of its Military Affairs Bureau, by a subordinate officer on August 12. "In view of the emergency which we are now facing," Gen. Hayashi said, "the members of the Supreme War Council are jointly determined to tighten military discipline."

### Kwantung Army Unaffected by Purge, Says Itagaki

"The Kwantung Army will not feel the effects of the assassination of Lieut.-Gen. Nagata in any manner whatsoever," according to Maj.-Gen. Seishiro Itagaki, Assistant Chief of Staff of the Kwantung Army. "Although I do not know what questions will be brought up for discussion at the forthcoming meeting, I am sure there will be no one opposed to the strengthening of discipline and the unification of Army control," Maj.-Gen. Itagaki said.

### Japanese Police Drive on "Toughs"

The Japanese police Aug. 23 issued a statement that more than 20,000 persons had been arrested in 37 prefectures of Japan during the past several weeks in the course of a drive on "toughs" and "ne'er do wells."

Out of those arrested, 8,850 were turned over to the Procurator's Office for indictment and trial: 4,091 have been jailed or fined under summary police powers; 2,201 were released after a lecture and 4,113 are being detained for investigation.

### Japanese Army Plans to Curb "Sub-Rosa" Publications

Stringent measures to curb the circulation of Sub-rosa publications, which have plagued the Army in recent years, were being taken by the Japanese War Office Aug. 27, subsequent to the approval of such a step at the emergency conference of divisional commanders the previous day.

The surreptious circulation of inflammatory pamphlets among army officers and ultra-nationalistic groups has been a common practice since Japan entered the "emergency period" which followed the Manchurian outbreak of 1931 and has been blamed for several recent untoward events, among them the slaying of Lieut.-Gen. Tetsuzan Nagata, director of the Military Affairs Bureau of the War Office, on Aug. 12. The writers of these documents evade the strict provisions of the Press Law by issuing them as private matter and distributing them by hand.

Two army officers who were alleged to have written and secretly mailed a pamphlet supposed to expose plots involving insubordination among Military Academy cadets were cashiered on Aug. 2 and simultaneously ordered to give up their Court rank. Similar action was taken against another officer last fall.

As soon as the new regulations are drawn up they will be communicated to the Home Office, which has control over publications, for enforcement.

Meanwhile, Viscout Akira Doki, parliamentary vice-minister of War, was reliably reported to be preparing to tender his resignation on the ground of failing health. Viscount Doki has occupied the post for three years, and was said to be anxious to take a rest in the form of a trip to Europe.

Observers in Tokyo, however, regarded his projected action as important in view of the recurrent rumors that Gen. Senjuro Hayashi, Minister of War, would resign holding himself responsible for the assassination of Lieut.-Gen. Nagata, who was one of his most trusted lieutenants. The slayer, it will be recalled, was Lieut.-Col. Saburo Aizawa.

### "Providence Keeps Japanese Business Out of Red"—Takahashi

Providence was credited with keeping Japanese business "out of the red" by Korekiyo Takahashi, Minister of Finance, in a press interview at Havama, Aug. 27 on the prospects for next year's budget. "Business conditions in the country have shown little variation and are not so bad. The sale of bonds is progressing and small sized issues are now being marketed. Commodity prices have shown no great rise and the state of the nation's balance of international payments appears satisfactory. I am sure that this was due to the people's unshakable confidence in our currency and was also caused by the satisfactory cooperation between various

ministries for money control. But, essentially, we must ascribe it to Providence," he said.

Mr. Takahashi declared he had "trouble in understanding what is meant by the crisis of 1935-36."

"National defence appropriations that are necessary should be approved, but I believe that care should be exercised to find out whether the undertakings are economically productive or not," Mr. Takashahi remarked.

With the filing Aug. 24 of a Yen 180,000,000 estimate for "Manchurian Affair Expenditures," the War Office ended its presentation of draft appropriations to the Ministry of Finance. The total demands now reach Yen 604,000,000, representing an increase of more than Yen 113,723,000 over the amounts allotted for military purposes this fiscal year. The Ministry of War is asking Yen 254,000,000 for its basic budget; Yen 20,000,000 for new undertakings; Yen 100,000,000 for new equipment, including aircraft and Yen 50,000,000 for the improvement of armaments and munitions.

### Japanese Shipping Firms Unite to Fight Dutch Competition

A short but bitter dispute, which delayed the inauguration of the Nanyo Kaiun Kirsen Kaisha, sponsored by the Government to compete with the Java-China-Japan Lijn, came to an end Aug. 21, when representatives of four shipping concerns involved came to an agreement. The agreement provides for the sale of a part of shares held in the Nanyo Yusen Kaisha by Junsuke Itaya, Director of the firm, to the three other participants in the new concern, the Nippon Yusen Kaisha, the Osaka Shosen Kaisha and the Ishihara Industrial Company.

The four firms concerned were approached by the Ministry of Communications in the middle of July with a proposal to merge their services to Java to enable Japanese shippers to compete effectively with the Dutch concern. The firms gave their consent and the new enterprise, capitalized at Yen 8,500,000, was to begin operations on Aug. 1. At the last moment, however, the Nanyo Yusen Kaisha withdrew from participation in the merger, declaring that the Government ignored its interests. Mr. Itaya, however, indicated his willingness to sell a part of his stock in the company to the highest bidder. The Government then took steps to persuade the three other participants to buy Mr. Itaya out.

### Japan's Wool Imports from Australia Set Record

Breaking the 668,026 bale mark established in 1932-33 Japanese imports of Australian and New Zealand wool totalled 695,021 bales as this year's season for such imports neared its close. Shipments last week totalled 33,463 bales, according to figures released by the Japan Australian Wool Buyers' Union.

### American Ship Detained While Police Examine Films

Japanese authorities in Tokuyama, Aug. 25, seized films from cameras found aboard the steamship *Golden Mountain*, detained at Tokuyama, for an espionage investigation. The films were taken to Shimonoseki for comparison with maps and photographs of the coast-line fortified zone. The captain of the vessel, J. V. Sheffen, and the members of the crew, were detained by the local officials, but were not placed under arrest. The captain declared that he had dropped anchor in the harbor while awaiting a pilot boat. He said that the photographs found on the ship were not of the fortified zone.

### Japanese Police Refuse Entry to Japanese Tourist Film

Official circles in Tokyo are in a quandary regarding a motion picture film which was refused admittance to the country Aug. 24 on its arrival from Germany. Newspapers are devoting considerable editorial comment to the subject. The film was barred from the country because it included bathing beach scenes which the police deemed objectionable. Later, however, it was learned that the film depicted entirely Japanese scenes which had been photographed by the Japanese tourist industry and which were designed to attract visitors to Japan. The picture has been exhibited in Europe, and was being returned to Japan. Since it was refused admittance to the country, the film is now expected to go to other nations, giving rise to an anomalous situation in view of the police attitude.

### Meiji Nine Gives Yale Team the Goose Egg

To the accompaniment of loud cheers from the crowded stands the Meiji University Squad Aug. 25 blanked the visiting Yale University nine, winning by 5 runs to 0. The game was played at the Totsuka Stadium in Tokyo.

### Mitsui Concerns to Pay Out Millions to Employees

The Mitsui Mining Company and the Toshin Storage Company, affiliates of the vast Mitsui enterprise, announced Aug. 24 that the retirement allowance funds, totalling Yen 55,000,000, would be given to the employees in bulk between next September and December. The announcement followed close on the heels of similar action taken by the directors of the Mitsui Bank, who enriched their employees by Yen 8,500,000. Six thousand employees, from bell boys to directors, will benefit by the bonanza, which is being carried out by the three enterprises to effect economies. A new retirement allowance fund will be created based on less liberal terms. The former fund was created at the time of the war boom and was computed on the basis of profits obtained then.

### Japan Maintains Lead in World Cloth Exports

With exports of 1,384,095,000 square yards of cotton cloth during the first six months of the year, against Britain's 1,000,989,000 square yards, Japan maintained a lead of 383,070,000 square yards over her strongest competitor in the field, the Japan Association of Cotton Cloth and Thread Export Guilds announced in Osaka, Aug. 24. While Japan took an overwhelming lead in Asiatic markets and maintained a slight edge over British products in North and Latin America, Africa and countries bordering on the Pacific Ocean, Lancashire was supreme in Europe and in British colonies and protectorates, where tariff barriers were erected against Japanese products in May 1934.

### Japan-Egypt Trade Talks Expected in October

Akio Kasama, Japanese Minister to Portugal, who is now home on furlough, will leave Japan on Sept. 20 for Cairo as a special envoy to negotiate with the Egyptian Government a new commercial treaty to replace that denounced by the Egypt on July 18. Mr. Kasama is due at Port Said on Oct. 17.

### Six Die, 15 Injured in Japan Mine Disaster

While attempting to rescue two of their comrades who had been overcome by gas, 21 miners were overwhelmed Aug. 21 by fire-damp in a coal mine in the Fukuoka prefecture. Six of the rescue workers died while the 15 others are in a serious condition.

### Flood Damage in Japan Put at More than Yen 23,000,000

Damage totalling Yen 21,667,289 was caused in Aomori prefecture alone by the week-end floods that blanketed northeastern Japan subsequent to 48 hours of uninterrupted rain. Akita prefectur reported losses of Yen 2,400,000 and it was generally feared that the rice crop would be half of what had been anticipated. In Aomori, damage to agriculture and industry was placed at Yen 21,158,065, while property losses were computed at Yen 509,224. A total of about 15,200 acres of rice paddies and 1,570 acres of dry fields were inundated in Akita prefecture, causing, according to estimates by the Prefectural Department of Agriculture, losses of Yen 2,000,000. Damage to bridges and river embankments is estimated at Yen 400,000.

### Japanese Woman, Former Radio Star, Dies in Love Pact

Miss Chiyo Ogino, 42, better known as Akiko Midorikawa, the first woman radio announcer in Japan, drowned herself Aug. 19 off Tateyama Bay in Chiba Prefecture in a suicide pact with her 28-year-old lover. Her body was found drifting toward Sakara beach in Michizakimura, Awagun, Chiba, but the man's body is missing. Her lover was understood to be Yoji Fujikake, eldest son of Attorney Shigetsugu Fujikake, of Ikebukuro, Toshima Ward, Tokyo, who had been employed by the Kamata Ward Office.

### Sir Reginald Johnston Arrives in Tokyo

Sir Reginald Johhston, former tutor to Emperor Hsuan Tung who today occupies the Orchid Throne in Hsinking, arrived in Tokyo Aug. 24 for a two-week stay in Japan before preceeding to Manchukuo to visit his former pupil. "Words fail me to express my excitement in anticipation of meeting His Maiesty the Emperor of Manchukuo," Sir Reginald told Japanese reporters in an interview. "I had the honor to teach Emperor Kangte when he was still young and when he was undergoing hardships. I am convinced that it was because he bore these hardships well that he was rewarded with the Manchukuo throne." Sir Reginald called on Koki Hirota, Japanese Foreign Minister, and on Hsieh Chieh-shih, Manchukuo Ambassador.

### Nation-Wide Spread of Meningitis in Japan

Fears that the meningitis epidemic now sweeping Japan's major population centers may spread to the entire nation were being freely expressed in Tokyo Aug. 26 as reports came of new cases being diagnosed in Kanagawa, Shidzuoka, Yamanashi, Fukushima and Nagano prefectures. Meantime, efforts of the health authorities in the capital to curb the scourge met with little success. The total of cases reached about 600.

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## A Japanese with a German Wife Returns to His Home Land

After 30 years' stay in New York as a gardener, Uichi Takahara a fifty-two year old Japanese, accompanied by his German wife and two daughters, returned to Kobe Aug. 22 aboard a Japanese round-the-world liner. As Mrs. Takahara had no passport, there was a ban on her landing that day, but on her promise to become a naturalized Japanese immediately after her husband's return to his native place—Hagi city in Yamaguchi prefecture—the whole family was allowed to land the following morning, says the Japanese press.

## Japan Enjoys a Silk Boom

There has recently been a sensational recovery in the raw silk market in Japaa. Headed by August delivery, which now rules at Yen 750, all months are on the Yen 700 level, the highest prices on rerord since October, 1933. Unusually heavy transactions are being reported in the cash market also. One of the contributory factors is the economic recovery in the United States. Another is the growing sign of a shortage in Japan. Although this is the busiest season, the movement of new silk is not heavy at all, due obviously to the poor cocoon crop this spring. Judging by the shortage of mulberry leaves, the production of summer and autumn cocoons may be less than usual. In the circumstances, (according to the *Japan Chronicle*) many export houses are now obliged to cover forward sales. Overseas buyers are also inclined to cover their future requirements, especially in view of the fact that their stock has been diminishing sharply of late, and American hosiery manufactures are expected to buy heavily in the immediate future. Such being the situation, there is an increased impression in the market that quotations will see a further rise. Filature owners are now busy looking after fresh orders, especially for export. Toyohashi reelers have intructed 20,000 operatives to return to work immediately.

## Japan's Industrial Advance Explained by British Observer

Sir Ernest H. Pickering, M P., who recently returned to England from Japan, where for some months he filled the chair of English literature at an Imperial university, has published a statement on Japan's industrial advance in a London daily.

Sir Ernest summarizes Japanese success under the following four heads :—

(1) The weaving, spinning, and finishing are frequently done ine one mill,

(2) Middlemen are almost entirely excluded.

(3) The trade organizations have much more control than they have in England.

(4) There are only 78 establishments in Japan producing today a little over the quantity produced in 207 establishments in England.

## Japan Assumes Lofty Tone on Naval Disermement

Denying that Japan's proposal for a common upper limit was responsible for the gloomy outlook for a naval disa mament conference, but admitting that the Italo-Ethiopian conflict could prevent the projected negotiations, a spokesman of the Tokyo Navy Office Aug. 27 said that everything depended on Great Britain's attitude. "Only the Ethiopian issue might delay the convocation of the conference or make it totally impossible," said the spokesman. Japan, he said, was unwilling to accept the proposals for a qualitative limitation of navies or the mutual notification of building plans, which will reportedly be put forward by Great Britain at the projected negotiations. If Great Britain wishes to impose her plans upon other Powers, much cannot be expected of the forthcoming conference. Her proposals lack fairness and have obviously been devised for her own benefit," the spokesman continued. "The success of the conference will depend largely on Great Britain's sincere attitude towards Japan. We will in no way be responsible for the possible collapse of negotiations," he concluded.

### United States Will Stay on Side Lines

Cordell Hull, U.S. Secretary of State, stated Aug. 26 that the United States was playing an inactive role in the diplomatic exchanges between Britain and Japan concerning naval affairs.

## Jack Young Starts on Another Exploration Trip to Tibetan Border Lands

Jack T. Young departed from Shanghai Aug. 23 on the s.s. *Yung Nien* together with his brother Quentin for another collecting trip to the border lands of Tibet. The purpose of this expedition is to collect live specimens of pheasants and skins of the golden monkey, giant panda, etc. The enterprise is being sponsored by F. E. Booth of San Francisco for the California Academy of Science. Among the unusual species of pheasants that he is after are the monol, tragopan, koklass, blood, and Tibetan white-eared. Mr. Young also plans to make preliminary observations of a range of mountains north of Kanze, which he noted on his last trip. A rough sketch of his intinerary would be from Tatsienlu to Jekundo; south to Litang; back to Tatsienlu, and through Sungpan to Shanghai, the entire trip taking from six to ten months.

# THE GIST OF JAPANESE PRESS OPINION

**It is quite regrettable that political parties appear to be peculiarly inactive in their electioneering campaigns when prefectural assembly elections are fast approaching. The movement for the reform of elections is for nothing but protection of the party government cause.**—*Tokyo Nomiuri.*

**It is but natural that Gen. Hayashi and Gen. Araki should have come to agreement as to the necessity for improving military discipline. But the question is how to attain the aim in view. Control over sensational circulars may be one means, but the more fundamental appears to be separation of the military from politics.**—*Tokyo Asahi.*

**As in any other country, political administration in this land seems conspicuous for confrontation of progressivism with conservativism. If either extremity is to be avoided, there is every reason to discard both, as false patriotism. The ideal example of real patriotism we find in Nanko's loyalty.**—*Tokyo Kokumin.*

**The financial authorities are now making conscious efforts towards normalization of the terms of debenture issuance. One undesirable sign of late is the growing number of those debentures which are issued without securities, and the situation needs steps to be taken to facilitate issuance with securities.**—*Tokyo Chugai.*

**It is a fact that the banks in this country are beginning to suffer from business depression. The consequence is that some of them think of lowering rates of interest on deposits. For maintaining their credit and facilitating desired improvement, one important advice for them is to reduce dividends.**—*Tokyo Asahi.*

**It is true that the economic situation in this country of late is making an apparently favorable turn. This is due partly to the stabilizing international position of the Empire and partly again to the Finance Minister's declared policy against increase of taxes. Neither cause, however, is permanent enough for reliance.**—*Tokyo Kokumin.*

## Confucius' 2486th Birthday Is Celebrated

A portrait of the late Dr. Sun Yat-sen, the father of Chinese nationalism, alongside an image of Confucius, appeared at the Temple of Confucius in Nantao to honor the 2486th birthday anniversary of the illustrious Chinese sage, which, by order of the Government Aug. 27 was declared an official holiday. All Government offices and institutions, banks and even the Customs offices were closed for the day, while flags of the Republic were flown from flagmasts all over the city.

The Confucian Temple was thronged and only a comparatively small number of those who attended were able to gain admission. The central point of the proceedings was a dais surmounted by a large portrait of Dr. Sun Yat-sen, surrounded by Kuomintang and national flags. An image of Confucius stood on the dais before the portrait and the walls of the entire Temple were hung with scrolls giving excerpts from the teachings of the ancient sage.

Memorial rites were conducted to the accompaniment of a military band provided by the Bureau of Public Safety. At their conclusion, Pan Kung-tseng, Commissioner of the Bureau, who was deputizing for Mayor Wu Te-chen, placed a large bouquet before the image and bowed low three times. Ritual music was then played by the Dai Tung Musical Society.

At the conclusion of the ceremony, Mr. Pan delivered an address, explaining the meaning and significance of the ceremony. During the present national crisis, the speaker said, the Government deemed it necessary to encourage a revival of the ancient virtues handed down by Confucius, who, because of his renowned learning and wide moral influence, formed the connecting link between the old and new civilization of China.

## Japanese Officers to Protest Against Chinese Shipping Regulations

A movement of protest against the shipping regulations enforced by the Chinese Government on September 26 has been started by about 500 Japanese officers employed in Chinese vessels through the Ministries of Foreign Affairs and Communications here. The new rules prohibit the employment of officers who do not possess certificates issued by the Chinese Government. Sixty-one Japanese officers who took the Chinese examinations, in an effort to evade the new regulations, have all failed to pass. Those officers, who, in anger left their ships, were immediately, according to reports replaced by Britishers and Norwegians. There are about 500 Japanese officers in 97 Chinese ships, ranging in size from 2,000 to 5,000 tons, according to officials of the Japanese Ministry of Communications.

# War in Africa Draws Nearer—Can Britain Control the Mediterranean?

"IF sanctions are voted against Italy at Geneva, she will immediately leave the League, and, whoever applies sanctions against her, will be met by her armed hostility," Signor Mussolini stated in Rome Aug. 26.

Il Duce went on to say that if the League expanded "a remote colonial campaign" into a general European war, which would open wide the door to every unsatisfied ambition on the Continent, or even throughout the world, and cost tens of millions of lives, then upon the League would the guilt rest.

Signor Mussolini said he would send a delegate to the meeting of the Council of the League of Nations on September 4 for the purpose of putting Italy's case, supported by documents and photographs, before the world. He advised the other European nations to "follow the example of the United States and leave Italy to fulfill her mission."

Pacifists, he said, were the worst enemies of peace, for they wanted to spread into a worldwide conflict a colonial expedition which had for its purpose the creation of order in a country where order never existed.

Il Duce said there was no chance of his changing his attitude unless Abyssinia gave in. Italy, he continued, had given too many proofs, from Locarno to Stresa, of her desire to co-operate to ensure peace in Europe for her to be accused of wanting to put a match to a powder-string. Italy, he concluded, would do nothing to set Europe by the ears but the other Powers "must have the same sense of responsibility."

The wildest enthusiasm prevailed in Naples, Aug. 25, when the liner *Saturnia*, with 5,000 Black Shirts on board, including three members of Signor Mussolini's family—his two sons, Vittorio and Bruno, and his son-in-law, Count Ciano, one time Italian Consul-General in Shanghai—sailed for East Africa. More than 50,000 people jammed the quayside to bid farewell to the departing troops.

### German Support for Italy's Point of View

The *Deutsche Allgemeine Zeitung* declared Aug. 25 that "Italy's needs for colonial expansion are entirely justified. This is all the more true since Italy, despite the secret treaties which stipulated that she support the allies during the war, was left empty-handed when the prizes of the victors were divided. Concessions granted Italy later on could not satisfy her," the paper added. The treaty of Versailles threw Germany's expansion toward Central Europe, the paper said, adding that the Reich needs to enlarge her base of colonization and raw materials. Dr. Frick, Reich minister of the interior, recently said that the return of her former colonies to Germany was one of the preliminary conditions to Germany's return to the League of Nations, the paper said, concluding by stating that the demand for equality in colonial rights is based upon a solid foundation.

### Negus Orders Non-Combatants Back to Their Farms

A tremor of excitement ran through Addis Ababa, the Abyssinian capital Aug. 24, when the Government issued instructions for the protection of the population in the event of an air bombardment of the capital. The approach of hostile aircraft will be announced by the firing of three guns, the ringing of church bells and the sounding of sirens, and on hearing the warning the people are instructed to leave their houses and to disperse, wherever possible, to open spaces, such as the Imperial race course or to plains outside the town. The termination of a raid will be announced by six gunshots. The Emperor's orders were subsequently supplemented by verbal instructions from the Mayor, who advised all who could to return to their homes in distant towns and villages or to their farms until the war was over. It was expected that many would follow these instructions.

### Britain Cannot Keep Route to India Open Unaided

That Britain could not by her own efforts hold the route to India against a hostile Italy was stressed by J. L. Garvin, editor of the *London Observer*, in an article published in his paper Aug. 25. "Since the wise arrangement with Italy in 1887, our naval position in the Mediterranean has reckoned for nearly 50 years of friendship with that country," he said. "The route which passes through Gibraltar, Malta, Egypt and Aden is the life-line of the Empire," he continued. "We cannot at present—miserable that it should have to be said—hold the Mediterranean route against a hostile Italy. "As against Britain alone, in that sea, Italy commands and overwhelming concentration of the air force.

"What of her sea power? No wonder our good friends are a little intoxicated. For at the moment they have us on the hip. From Gibraltar to Aden we could not to-day by our own efforts hold the route to India We should have to go by the Cape of Good Hope route.

"But for a neglect of defence in the last few years, the Abyssinian crisis would never have arisen, and until that neglect is rectified by more vigorous and determined hands," Mr. Garvin added, 'nothing on earth will save us from dangers and humiliation."

### Indian Troops Going to Addis Ababa

A small detachment of the 5/14th Punjab Regiment was despatched this week from Bombay to reinforce the guard at the British Legation at Addis Ababa. The step was taken to ensure that the contingent is available "in the near neighborhood" in case of necessity—a telegram from Simla stated.

One hundred and fifty Indian troops left Bombay Aug. 24 en route to Aden with orders to reinforce the British Legation at Addis Ababa. The British Mediterranean fleet continued to take on provisions at Malta during the week. It is estimated that 50,000 Ethiopian troops are at present facing 45,000 Italians on the border of Italian Somaliland, and that 100,000 Ethiopians are facing 60,000 Italians on the Eritrea boundary. Spain is strengthening her defences in the Mediterranean and on the Balearic Islands, and the Netherlands Army is staging maneuvers apparently as a precautionary measure.

The British Inspector General of the Egyptian army, General Scienko Pascha, was recalled from his leave Aug 26. This measure is linked in Cairo with rumors that the British troops in the Suez Canal zone, would shortly receive reinforcements. The view generally held by the political quarters in Cairo, is that Great Britain will under no circumstances tolerate Italian control over the Tsana Lake district and is determined to occupy that region before the Italians' arrival, unless an agreement with Mussolini is seached before then.

The British India liner, *Neuralia*, with 1,200 troops aboard, will sail from Southampton Aug. 31 for Malta. The troops are drawn from the Royal Artillery, the Royal Engineers and the Royal Corps of Signals. The London War Office stated that it intends to bring the fixed defences at Malta and Aden up to the establishments approved last year. The *Neuralia*, which had just returned from a north cruise, normally would not be used by the War Office until the trooping season at the end of September, but got surprise orders during the week-end to prepare immediately to take the troops to sea. The British aircraft-carrier *Glorious* which arrived at Gibraltar Aug. 23, sailed suddenly the next morning for Malta. The *Glorious* had been scheduled to remain at Gibraltar for a month.

### British 'Floating Dockyard' Reaches Malta

What amounts to a "floating dockyard" in the shape of an auxiliary naval ship, *Woolwich*, which is also the name of one of the largest British arsenals, arrived at Malta last week. The vessel is equipped with the most modern machinery for repairing ships.

### Three of Italy's Best Aviators Killed in Crash

Three of Italy's best aviators were killed Aug. 24 in a disaster that occurred at the opening of the International Aviation contest, Raduno del Littorio, one of the greatest sport events held in Italy. The three airmen, Sebastiano Bededo, Giovianni Tessore, and Vicastri were in the same plane at Ottiglio near Alessandria, when, for unknown reasons, it crashed, all being killed instantly.

### Motion For Neutrality Is Passed by U.S. Senate

Without a vote being taken, the Senate Aug. 21 passed the resolution submitted by Senator Key Pittman, chairman of the Foreign Relations Committee, to ensure the neutrality of the United States in the event of a European war. The resolution is designed to block shipments of arms and munitions to belligerents, to forbid American citizens to travel on ships belonging to belligerents, and to deny American ports to warships belonging to belligerents. It also provides for the establishment of a national munitions control board with which all importers, exporters and manufacturers of arms must be registered.

Complete abandonment or postponement of the naval disarmament conference projected for this autumn is being favored by the Japanese Government. Japan is irrevocably opposed to the principle of naval inequality underlying the two agreements, Tokyo political observers said, and would prefer to participate in a conference entirely divorced from the two treaties.

## Sopher Brothers See Ethiopian Dispute Affecting Shanghai

Arthur and Theodore Sopher, who at one time controlled the destinies of the *China Press* on behalf of the Ezra estate, have broken into print on the subject of "Italo-Ethiopian Situation and Its Bearings Here." They conclude an article in the Shanghai *Sunday Times* Aug. 25 as follows: "The outbreak of war between Italy and Abyssinia would undoubtedly expose these settlements to a situation more grave than the last incident of January, 1932. The occupation by Japanese troops of the northern section of this city reached a surprisingly happy conclusion by virture of excellent diplomacy, but the scene is changing, and should war become a reality, our bearings would not be what they are at the moment. This time a different course would have to be steered. The knowledge that in the final analysis, physical force would not be evoked to back the relative positions of the interests here, may mean a silent but alarming displacement of Shanghai's political orientation."

# Wang Ching-wei Resumes Office at Executive Yuan; Japan to Make New Proposals to China

**HIGH LIGHTS IN THE EVENTS OF THE WEEK:**

1. **Wang Ching-wei Resumes Office Following Meeting with Gen. Chiang.**
2. **General Chiang Kai-shek Returns to Chengtu From Nanking.**
3. **Japanese Report on the Terms of Wang-Chiang Co-operation.**
4. **Wang Keh-min Denies China-Japan Economic Negotiations.**
5. **General Chiang Tso-pin Returns to His Post at Tokyo.**
6. **Japan to Make New Proposals to China After Return of General Chiang.**
7. **Radiophone Service Between China and Japan to Begin September.**
8. **General Tada Threatens More Action if Anti-Japanism Not Suppressed.**
9. **Foreign Missionaries Evacuate Shensi and Kansu as Reds Advance.**
10. **Kwangsi Leader Supports Nanking-Canton Union Scheme.**
11. **Southwest Appoints Delegates to C. E. C. Plenary Session in Nanking.**
12. **Return of Hu Han-min and Hsiao Fu-chen to Canton Uncertain.**

The political crisis in Nanking precipitated by the resignation of Wang Ching-wei from his posts as President of the Executive Yuan and concurrently Minister of Foreign Affairs early this month has been happily solved as a result of a series of meetings between Mr. Wang and General Chiang Kai-shek, President of the Military Affairs Commission, and a unanimous resolution passed at at the meeting of the Central Political Council on Aug. 22, persuading Mr. Wang to remain in office.

Mr. Wang formally announced the withdrawal of his resignation in a circular telegram on Aug. 23 and resumed his duties at the Executive Yuan on Aug. 26. Meanwhile, Dr. H. H. Kung has been relieved of his duties as Acting President of the Executive Yuan, and has returned to his posts as Vice-President of the Yuan and concurrently Minister of Finance. General Chiang Kai-shek has also returned to Chengtu to resume direction of the Communist-suppression campaign.

A summary of the events during the week follows:

At the meeting on August 22 of the Standing Committee of the Central Executive Committee, which Wang Ching-wei attended, a unanimous vote was returned by the members present, persuading him to withdraw his resignation and continue to share the responsibilities of the Government in his present capacities. The meeting was presided over by Sun Fo, President of the Legislative Yuan, and attended by Gen. Chiang Kai-shek, President of the Military Affairs Commission; Chu Cheng, Presidenet of the Judicial Yuan; Chen Kou-fu, Chairman of the Kiangsu Provincial Government: Yeh Chu-tsang, Secretary-General of the Central Party Headquarters; and several others.

Mr. Wang made a short speeech, explaining the reasons necessitating his retirement from office. He said that, although his superficial ailment had been cured, his fundamental malady still remained, and consequently he felt he could not bear heavy responsibilities.

General Chiang and other members jointly urged Mr. Wang to continue to carry on his duties in the Government, in the interests of the country. As a result of the earnest persuasions, Mr. Wang consented to withdraw his resignation and resume his both offices.

## GENERAL CHIANG URGES MORE RESPONSIBILITY ON GOVERNMENT LEADERS

Speaking at the meeting of the Central Political Council on Aug. 21, General Chiang Kai-shek declared that China is now confronted with an unprecedented national crisis and in order to cope with it effectively, it is incumbent upon every member of the Party and the government to assume greater responsibility than before in rgard to state affairs. In making utterances on the foreign relations of the country, General Chiang advised, officials of the government should exercise great care and discretion with due regard to the actual condition the country.

## WANG CHING-WEI RESUMES OFFICE

Wang Ching-wei issued a circular telegram on Aug. 23 to the military and administrative organs throughout the country announcing his resumption of the chairmanship of the Executive Yuan. After Mr. Wang's resumption of office, his office hours have been fixed from 3 to 12 o'clock in the morning and from 3 to 6 o'clock in the afternoon, except Tuesdays, Wednesdays and Thursday mornings, when he has to attend the weekly meetings of the Executive Yuan, the Central Political Council and the Central Executive Committee. The change has been made in order to give him sufficient time to rest following his recent illness.

## JAPANESE REPORT ON COOPERATION BETWEEN CHIANG AND WANG

According to information from Japanese War Office, the following terms have been agreed upon by General Chiang Kai-shek and Wang Ching-wei, as the result of their recent meetings:

(1) That irresponsible criticism of the Government by Party leaders be prohibited.

(2) That the power of the Executive Yuan be extended while dissenting party and government members be prevented from handicapping the administration of the Government,

(3) That the power of the Central Political Council be reduced so as to prevent it from interfering with the affairs of the Executive Yuan.

(4) That the policy towards Japan, as well as the financial policy be determined as soon as possible, and efforts be made to settle unsettled questions between Japan and China, and for the furtherance of Sino-Japanese economic co-operation.

## GENERAL CHIANG KAI-SHEK RETURNS TO CHENGTU

Ending his recent brief visit to Nanking, General Chiang Kai-shek, President of the Military Affairs Commission, retturned to Chengtu at 3 p. m. by his private plane Savoia Marchetti 2-72. While en route to Chengtu, General Chiang stopped briefly at Hankow, where he was met by Marshal Chang Hsueh-liang, Director of the Generalissimo's Provisional Headquarters at Wuchang, General Ho Cheng-chun, Pacification Commissioner for Hupeh, and General Ho Chhien, Chairman of the Hunan Provincial Government.

The Savoia Marchetti S-72 returned to Nanking in the afternoon of Aug. 25 for the use of Madame Chiang who will shortly take the same plane to Chengtu.

General Huang Fu, Chairman of the Peiping Political Council, who specially came to Nanking from Mokanshan to interview General Chiang Kai-shek, left for Hangchow by motor-car Aug. 23 en route to the mountain resort. General Huang's visit failed to clarify the question of whether he will actually assume the post of Minister of the Interior, to which he was appointed months ago.

## WANG KEH-MIN DENIES CHINA-JAPAN ECONOMIC NEGOTIATIONS

Discrediting current rumors, Wang Keh-min, acting chairman of the Peiping Political Council who arrived at Nanking from Peiping Aug. 25 in response to a summons from President Wang Ching-wei, declared to press interviewers that no negotiations have been conducted between the

Chinese and Japanese authorities for the much heralded Sino-Japanese economic co-operation in North China. The Japanese authorities, according to Mr. Wang, are now making a preliminary survey of the conditions existing in the North. Such questions as Sino-Japanese co-operation along economic lines could not assume definite shape, according to Mr. Wang, before their investigations have borne results.

Mr. Wang called on President Wang twice on Aug. 26, reporting on the northern situation and soliciting instructions regarding the disposal of the various problems there. Mr. Wang intended to pay a visit to General Huang Fu at Mokanshan, but due to the urging of President Wang, he abandoned the trip and returned to Peiping in the afternoon of Aug. 27. Mr. Wang said that the situation in the North is quiet and no unusual developments are likely to occur.

## CHIANG TSO-PIN RETURNS TO TOKYO POST AFTER ONE-MONTH STAY IN CHINA

Ending a one-month vacation in China, General Chiang Tso-ping, Chinese ambassador to Japan, left Shanghai to resume his diplomatic post in Tokyo, on board the Canadian-Pacific liner *Empress of Russia* at 6:30 p.m. Aug. 25.

Interviewed on board the steamer by Chinese pressmen, General Chiang commented on the big strides of progress in national reconstruction which impressed him deeply during his tour throughout Szechuan, Hupeh and Kiangsi while in China. He expressed the hope that efforts will be consolidated so that this progress will continue.

China's policy vis-a-vis Sino-Japanese relations will continue to be one working for closer co-operation and better understanding, Ambassador Chiang said in a press interview on Aug. 24. Dwelling upon Sino-Japanese economic co-operation, General Chiang stated that the question is being generally considered by the Chinese authorities but detailed measures are to be left to China's economic experts.

Whether or not Sino-Japanese economic co-operation is desirable would be determined by the needs of the two countries, said Ambassador Chiang. If proposals to that effect should become acceptable to both countries, they should be based upon the principles of reciprocity and equality, General Chiang declared.

Denying that the Nanking Government has ever pursued a "doublefaced policy" towards Japan, Gen. Chiang Tso-pin declared that Gen. Chiang Kai-shek had always favored co-operation with Japan on Aug. 27 upon his arrival at Tokyo from China, according to *Rengo*.

The ambassador also denied that he intended to negotiate with Koki Hirota, Foreign Minister, on the projected Sino-Japanese collaboration, stressing that his mission at present consists of explaining to the Japanese Government General Chiang Kai-shek's attitude towards Japan.

He declined to comment on the recognition of "Manchukuo" by the Central Government, but expressed his satisfaction with the results of his trip home. He also revealed that no decision has yet been made on the contemplated visit to Japan of Gen. Chang Chun, chairman of the Hupeh Provincial Government.

## JAPAN TO MAKE NEW PROPOSALS TO CHINA AFTER CHIANG RETURN

*The Miyako Shimbun* in Tokyo reports Aug 24 that, immediately after the return of General Chiang Tso-ping, Foreign Minister, Koki Hirota, will make "concrete proposals for Sino-Japanese co-operation under the assumption that the Chinese Government fully realizes that China cannot hope to secure prosperity without the aid of Japan."

The journal expresses the belief that Japan's advance on the Asiatic Continent "is not an invasion, but a natural outflow of her surplus population towards which China is expected to extend co-operation." The Chinese doctrine of non-recognition of "Manchukuo" the *Miyako Shimbun* adds, must be revoked and a new policy of co-operation with Japan and the new state evolved.

## RADIOPHONE SERVICE BETWEEN CHINA AND JAPAN TO BEGIN SEPTEMBER

Daitaro Arakawa, Chief of the Wireless Service Section of the Japanese Communications Ministry, left Kobe Aug. 21 for Shanghai to conduct preliminary negotiations with the Chinese authorities on the opening of a radiophone service between the countries. As the tests have been completely satisfactory, officials of the Ministry told *Rengo*, the service will probably begin next month at the latest.

According to a report in the *North China Daily News* Aug. 23, technical arrangements for the opening of a wireless telephone service between Shanghai and Japan are expected to be advanced with the arrival in Shanghai of Mr. Arakawa. Tests between the Chenju station, where British equipment has been installed, and the Nazaki and Komuro stations of the Japanese system, operated by the Nippon Wireless Telephone Company, are said to have been highly successful. Similar ttests are now being carried out with Manila and Saigon. Negotiations are said to be under way with the Bureau of International Telegraphs of the Chinese Ministry of Communications for the conclusion of a formal agreement with the Japanese authorities for the opening of a Shanghai-Tokyo circuit.

## JAPAN INDUSTRIALISTS TO CONFER WITH CHINA EXPERTS

A series of conferences between the leading Chinese industrialists and engineers and a mission of Japanese technical experts and government officials will be held in four large Chinese citiees in October, according to an announcement made in Tokyo Aug. 25 by the Oriental Engineers' Conference Office of the Kosei Kai, an industrialists' organization, headed by Viscoust Dr. Tadashiro Inouye, member of the House of Peers. The mission, consisting of about 20 persons will hold its first conference in Shanghai on October 9. Other meetings will be held in Nanking on October 12, in Tientsin on October 14, and in Peiping on October 15. The establishment of a common standard of weights and measures will be on the agenda of the sessions.

## AIR LINE TALKS BETWEEN CHINA AND MANCHUKUO DEADLOCKED

Negotiations between "Manchukuo" and North China authorities for the establishment of an air line between the two places, which have been going on in Peiping for some time, have ended in a deadlock, according to a statement made by the official Japanese military spokesman at Peiping Aug. 26.

A strongly worded statement was issued by the Kwangtung Army August 23 in connection with the suspension of the negotiations, in view of the insincere attitude of the Chinese representatives of the meeting.

## TADA THREATENS ACTION IN NORTH CHINA IF ANTI-JAPANISM NOT SUPPRESSED

Interviewed by foreign correspondents at Peiping Aug. 23, General H. Tada, the new Japanese commander-in-chief in North China, now visiting Peiping for the purpose of meeting Chinese officials, frankly stated that he did not consider the North China situation satisfactory because the removal of anti-Japanism had not been fully carried out. He said he appreciated, however, that in this difficult task patience and courage were needed to achieve it. He declared that action by force by the Japanese would be taken, but he hoped that the local authorities would carry out their promises. North China was pledged against anti-Japanism and anti-"Manchukuoism."

Asked what would happen if the promises were not carried out, he said then they must be carried out by stronger officials, but whether such stronger officials were closely connected with Nanking was not as important as the attainment of the objective.

Japanese military influence is to be established throughout Northwestern China, according to a *Reuter* report from Peiping. It is stated that, as a result of the recent visits made by Japanese observers to northwestern China, the Japanese military authorities have decided to establish special military missions at Taiyuanfu, Kueihua and Ninghsia city. Colonel Moyama, head of the Japanese military mission at Kueihua, who is now in Peiping, is shortly proceeding to Kueihua.

Lieut.-Gen. Yoshijiro Umetsu, former commander of the Japanese Forces in North China declared upon his arrival at Moji Aug. 24, from Tientsin aboard the *Choko Maru* as follows:

"The situation in North China is gradually getting brighter, but it will be hard to eliminate the roots of anti-Japanese agitation in a hurry. The major problem remaining in North China is that of economic development. That is something outside my scope and I know little about it. But I should believe that the Chinese would regard it as an important question in as much as it is likely to bring huge benefits to the people of North China."

The Japanese plan to build a railway connecting the Tientsin-Pukow Railway at Chengchow and the Peiping-Hankow Railway at Shihchiachwang a distance of 138 miles, has been changed. According to the present plan, the railway will connect Shihchiachwang and Tangku via Chengchow, a distance of 185 miles.

## JAPANESE SEE ECONOMIC SIGNIFICANCE IN WANG'S NANKING TRIP

The present visit of Wang Keh-min, acting Political Council, to Nanking is being linked by Japanese observers in Peiping to widespread rumors that Chinese financial leaders in North China are about to organize a huge corporation for the economic development of the region independent of Japanese endeavors. The activities of this organization would be under the supervision of a new official North China Economic Reconstruction Commission. Chou Tso-min, general manager of the Kincheng Banking Corporation and outstanding figure in North China financial circles, and Wu Ting-chang, president of the Salt Bank, are cited as the main characters in behind the scheme. The corporation would have from $40,000,000 to $50,000,000 at its disposal. Nipponese experts and technical aid will be sought and Japanese machinery purchased when necessary. But the principal matters will be in the hands of Chinese.

Owing to the present visit of Wang Keh-min to the South, the plenary Session of the Peiping Political Council, which was scheduled to be held on Aug. 29, has been postponed.

General Sung Cheh-yuan, former Chairman of the Chahar Provincial Government, was appointed Garrison Commander of the Peiping-Tientsin Area on Aug. 28. Hsiao Cheng-ying, General Sung's follower, is being mentioned for the post of Mayor of Peiping.

After undergoing several trials, Ci Cheng-hua, who was arrested a few days ago in connection with the recent assassination of Captain Liu Tso-chow, confessed Aug. 26 that he was responsible for the crime. According to his confession, he was former captain of a company of the "National Salvation Army" in Liaoning. When the salvation Army was reorganized into Pao An Tuei under the command of Captain Liu Tso-chow, he was discharged. This caused his deep grudge against Captain Liu and made him to take this the drastic step. The culprit has now been handed over to the office of the administrator of the Shanhaikwan-Luanchow Area for further trial.

As a measure to ensure safety on Peiping-Liaoning express trains, the railway authorities have decided to post special police corps on trains. Arrangements in this connection are being made by the railway authorities with the Oriental Travel Service.

The Sino-British Kailan Coal Mine will be sold to the Japanese, according to a report in *Shanghai Mainichi* Aug. 24.

In commemoration of the 40th anniversary of the occupation of Formosa, the Japanese authorities have drafted a comprehensive plan for the economic development of South China, according to *Hwalien News Agency*. The preliminary draft of the plan calls for the cultural development of South China such as the building of schools. The Japanese anthorities in Formosa are planning to open a medical college at Foochow at a cost of $1,600,000, a commercial school at Kulangsu, opposite Amoy at a cost of $490,000, and a commercial school at Manila at a cost of $190,000.

A movement of protest against the shipping regulations to be enforced by the Chinese Government on Sept. 26 has been started by about 500 Japanese officers employed on Chinese vessels, states a *Rengo* report from Tokyo.

The new rules prohibit the employment of officers who do not possess certificates issued by the Chinese Government. Sixty-one Japanese officers who took the Chinese examinations, in an effort to evade the new regulations have all failed to pass.

## MISSIONARIES EVACUATE SHENSI AND KANSU AS REDS ADVANCE

A number of foreign missionaries, including British as well as Amerivans, are evacuating their posts in Kansu and Shensi and concentrating on Lanchow, Fengsiang, and Sian as the result of Red activities, according to a *Reuter* report from Peiping. About 3,000 Reds evacuated south Shensi on August 3, invaded south Kansu, and captured Tsingshui and Tsinan. They are moving northwards, either to effect a junction with the Reds in north Shensi or to enter Ninghsia.

Meanwhile, the Communists from South Kansu are reported to have clashed with the Tibetans at Taochow old city, the Reds losing 400 men.

## SZECHUAN TROOPS CAPTURE LIFAN FROM COMMUNISTS

The repeated victories scored by units of the 4th Division, under Lieut.-Gen. Fan Shao-tseng, culminated in the occupation of the city of Lifan, northwestern Szechuan, on Aug. 21. Following the capture of Matsuan Shan and Miao-ing, the Szechuan troops launched an attack in two directions in Lifan city, which was strongly fortified by the Reds under Hsu Hsiang-chien. Severe fighting raged for five hours, until the city was captured at 4 a.m. Aug. 21. The Reds westwards to Tsaku, near the Szechuan-Hsikang border.

Interviewed by *Reuter* concerning reports of recent Red activities and the evacuation of the missionaries from Fenghsien, near the Kansu-Shensi border, General Chang Hsueh-liang stated Aug. 26 that the district is now quiet. He added that Government troops are maintaining peace there.

A prediction that a Chinese Communist belt running from Outer Mongolia, in the north, and Szechuan, in the south, passisg through parts of Suiyuan, Ninghsia and Shensi provinces, may be expected, "sooner than generally expected," was made in Shanghai on Aug. 22 by Major Nakao Yahagi, former Japanese resident military officer at Chungking, the Shanghai *Nichi-Nichi Shimbun* reported.

The Red forces under Chu Teh, Mao Tse-tung and Hsu Hsiang-chen entered Kansu from Northern Szechuan at the close of July without clashing with forces sent to combat them near Sungfan, as had been generally expected, Major Yahagi said. Small Communist detachments, or armed "plain clothes men," have however, been left behind so as to maintain "red areas" in and around Wanhsien, Tungkiang, Nankiang and Paochung. The success scored by the "Red" hordes under Chu Teh and Mao Tze-tung in their movement from Southern Kiangsi into Szechuan and then into Kansu without serious losses was ascribed by Major Yahagi to good tactics.

According to the reports published in *Shanghai Mainichi*, part of the Communists under Hsu Hsiang-chien entered vicinity of Lihsien on Aug. 8, from Tientsin and Fuchuan in southwestern Kansu, and the rest arrived on August 15 in the area of Nihsien and Sikun, where they formed the vanguard of the Reds under Chu Teh and Mao Tse-tung.

## ARMY TO HAND BACK SZECHUAN WIRE SERVICES

In order that unification of control may be attained, the 21st Army of the Szechuan military forces has decided to hand over military telegraphic offices to the Ministry of Communications. Preparations are now being made to transfer control of 16 offices, now under the supervision of the 21st Army, to the Szechuan-Tibet Telegraph Administration. Other armies in Szechuan which have maintained their own military telegraphic service are understood to be making plans to follow the example set by the 21st Army.

## KWANGSI GIVES SUPPORT TO NANKING-CANTON UNION SCHEME

General Li Chung-jen, the Kwangsi military leader, has been conferring with the Canton authorities since his arrival there from Nanning on the question of Nanking-Canton rapprochemnt. His visit in itself appears to indicate that Kwangsi is prepared to support a reunion scheme. While the outcome of the negotiations has not yet been divulged, it is believed that the mission of General Huang Shao-hsiung, the Chairman of Chekiang was a success. It is also believed that co-operation between Canton, Nanking and Kwangsi will be realized shortly.

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Japanese military influence is to be established throughout Northwestern China, according to a *Reuter* report from Peiping. It is stated that, as a result of the recent visits made by Japanese observers to northwestern China, the Japanese military authorities have decided to establish special military missions at Taiyuanfu, Kueihua and Ninghsia city. Colonel Moyama, head of the Japanese military mission at Kueihua, who is now in Peiping, is shortly proceeding to Kueihua.

Lieut.-Gen. Yoshijiro Umetsu, former commander of the Japanese Forces in North China declared upon his arrival at Moji Aug. 24, from Tientsin aboard the *Choko Maru* as follows:

"The situation in North China is gradually getting brighter, but it will be hard to eliminate the roots of anti-Japanese agitation in a hurry. The major problem remaining in North China is that of economic development. That is something outside my scope and I know little about it. But I should believe that the Chinese would regard it as an important question in as much as it is likely to bring huge benefits to the people of North China."

The Japanese plan to build a railway connecting the Tientsin-Pukow Railway at Chengchow and the Peiping-Hankow Railway at Shihchiachwang a distance of 138 miles, has been changed. According to the present plan, the railway will connect Shihchiachwang and Tangku via Chengchow, a distance of 185 miles.

## JAPANESE SEE ECONOMIC SIGNIFICANCE IN WANG'S NANKING TRIP

The present visit of Wang Keh-min, acting Political Council, to Nanking is being linked by Japanese observers in Peiping to widespread rumors that Chinese financial leaders in North China are about to organize a huge corporation for the economic development of the region independent of Japanese endeavors. The activities of this organization would be under the supervision of a new official North China Economic Reconstruction Commission. Chou Tso-min, general manager of the Kincheng Banking Corporation and outstanding figure in North China financial circles, and Wu Ting-chang, president of the Salt Bank, are cited as the main characters in behind the scheme. The corporation would have from $40,000,000 to $50,000,000 at its disposal. Nipponese experts and technical aid will be sought and Japanese machinery purchased when necessary. But the principal matters will be in the hands of Chinese.

Owing to the present visit of Wang Keh-min to the South, the plenary Session of the Peiping Political Council, which was scheduled to be held on Aug. 29, has been postponed.

General Sung Cheh-yuan, former Chairman of the Chahar Provincial Government, was appointed Garrison Commander of the Peiping-Tientsin Area on Aug. 28. Hsiao Cheng-ying, General Sung's follower, is being mentioned for the post of Mayor of Peiping.

After undergoing several trials, Ci Cheng-hua, who was arrested a few days ago in connection with the recent assassination of Captain Liu Tso-chow, confessed Aug. 26 that he was responsible for the crime. According to his confession, he was former captain of a company of the "National Salvation Army" in Liaoning. When the salvation Army was reorganized into Pao An Tuei under the command of Captain Liu Tso-chow, he was discharged. This caused his deep grudge against Captain Liu and made him to take this the drastic step. The culprit has now been handed over to the office of the administrator of the Shanhaikwan-Luanchow Area for further trial.

As a measure to ensure safety on Peiping-Liaoning express trains, the railway authorities have decided to post special police corps on trains. Arrangements in this connection are being made by the railway authorities with the Oriental Travel Service.

The Sino-British Kailan Coal Mine will be sold to the Japanese, according to a report in *Shanghai Mainichi* Aug. 24.

In commemoration of the 40th anniversary of the occupation of Formosa, the Japanese authorities have drafted a comprehensive plan for the economic development of South China, according to *Hwalien News Agency*. The preliminary draft of the plan calls for the cultural development of South China such as the building of schools. The Japanese anthorities in Formosa are planning to open a medical college at Foochow at a cost of $1,600,000, a commercial school at Kulangsu, opposite Amoy at a cost of $490,000, and a commercial school at Manila at a cost of $190,000.

A movement of protest against the shipping regulations to be enforced by the Chinese Government on Sept. 26 has been started by about 500 Japanese officers employed on Chinese vessels, states a *Rengo* report from Tokyo.

The new rules prohibit the employment of officers who do not possess certificates issued by the Chinese Government. Sixty-one Japanese officers who took the Chinese examinations, in an effort to evade the new regulations have all failed to pass.

## MISSIONARIES EVACUATE SHENSI AND KANSU AS REDS ADVANCE

A number of foreign missionaries, including British as well as Americans, are evacuating their posts in Kansu and Shensi and concentrating on Lanchow, Fengsiang, and Sian as the result of Red activities, according to a *Reuter* report from Peiping. About 3,000 Reds evacuated south Shensi on August 3, invaded south Kansu, and captured Tsingshui and Tsinan. They are moving northwards, either to effect a junction with the Reds in north Shensi or to enter Ninghsia.

Meanwhile, the Communists from South Kansu are reported to have clashed with the Tibetans at Taochow old city, the Reds losing 400 men.

## SZECHUAN TROOPS CAPTURE LIFAN FROM COMMUNISTS

The repeated victories scored by units of the 4th Division, under Lieut.-Gen. Fan Shao-tseng, culminated in the occupation of the city of Lifan, northwestern Szechuan, on Aug. 21. Following the capture of Matsuan Shan and Miao-ing, the Szechuan troops launched an attack in two directions in Lifan city, which was strongly fortified by the Reds under Hsu Hsiang-chien. Severe fighting raged for five hours, until the city was captured at 4 a.m. Aug. 21. The Reds westwards to Tsaku, near the Szechuan-Hsikang border.

Interviewed by *Reuter* concerning reports of recent Red activities and the evacuation of the missionaries from Fenghsien, near the Kansu-Shensi border, General Chang Hsueh-liang stated Aug. 26 that the district is now quiet. He added that Government troops are maintaining peace there.

A prediction that a Chinese Communist belt running from Outer Mongolia, in the north, and Szechuan, in the south, passisg through parts of Suiyuan, Ninghsia and Shensi provinces, may be expected, "sooner than generally expected," was made in Shanghai on Aug. 22 by Major Nakao Yahagi, former Japanese resident military officer at Chungking, the Shanghai *Nichi-Nichi Shimbun* reported.

The Red forces under Chu Teh, Mao Tse-tung and Hsu Hsiang-chen entered Kansu from Northern Szechuan at the close of July without clashing with forces sent to combat them near Sungfan, as had been generally expected, Major Yahagi said. Small Communist detachments, or armed "plain clothes men," have however, been left behind so as to maintain "red areas" in and around Wanhsien, Tungkiang, Nankiang and Paochung. The success scored by the "Red" hordes under Chu Teh and Mao Tze-tung in their movement from Southern Kiangsi into Szechuan and then into Kansu without serious losses was ascribed by Major Yahagi to good tactics.

According to the reports published in *Shanghai Mainichi*, part of the Communists under Hsu Hsiang-chien entered vicinity of Lihsien on Aug. 8, from Tientsin and Fuchuan in southwestern Kansu, and the rest arrived on August 15 in the area of Nihsien and Sikun, where they formed the vanguard of the Reds under Chu Teh and Mao Tse-tung.

## ARMY TO HAND BACK SZECHUAN WIRE SERVICES

In order that unification of control may be attained, the 21st Army of the Szechuan military forces has decided to hand over military telegraphic offices to the Ministry of Communications. Preparations are now being made to transfer control of 16 offices, now under the supervision of the 21st Army, to the Szechuan-Tibet Telegraph Administration. Other armies in Szechuan which have maintained their own military telegraphic service are understood to be making plans to follow the example set by the 21st Army.

## KWANGSI GIVES SUPPORT TO NANKING-CANTON UNION SCHEME

General Li Chung-jen, the Kwangsi military leader, has been conferring with the Canton authorities since his arrival there from Nanning on the question of Nanking-Canton rapprochemnt. His visit in itself appears to indicate that Kwangsi is prepared to support a reunion scheme. While the outcome of the negotiations has not yet been divulged, it is believed that the mission of General Huang Shao-hsiung, the Chairman of Chekiang was a success. It is also believed that co-operation between Canton, Nanking and Kwangsi will be realized shortly.

### RETURN OF HU HAN-MIN UNCERTAIN

*Reuter* reports from Canton that Hu Han-min, veteran Party leader and member of the standing committee of the Central Executive Committee, has arrived in south Germany from Switzerland. The report adds that at present there is no intimation of his returning to China.

Hsiao Fu-chen has postponed his return to Canton from Siam owing to ill-health, according to Huang Lun-shu, Kwangtung Commissioner of Education, who went there to persuade the veteran Kuomintang statesman to return.

According to *Kung Shan Jih Pao*, Hongkong, Dr. Wang Chung-hui who is expected to leave Switzerland for China immediately after his meeting with Wei Tao-min, will be appointed the President of Executive Yuan after the forthcoming Sixth Plenary Session of C.E.C. of Kuomintang, in order to promote cooperation between Nanking and the Southwest.

### SOUTHWEST APPOINTS DELEGATES TO C.E.C. SESSION IN NANKING

Delegates to the Sixth Plenary Ssssion of the 4th Central Executive Committee, to be held in the Capital on September 20, were appointed by the Southwestern branch of the C.E.C. at its regular meeting Aug. 26.

It was decsded that Liu Lu-yin, member of the C.E.C., Teng Ching-yang, Li Chi-an and Chen Chung-fu, reserve members of the C. E. C., and Kwan Su-jen, Chan Chu-shih, Huang Chi-lu and Tsui Kwang-hsiu, reserve members of the C.E.C., be designated at delegates to the forthcoming session.

Great indignation has been aroused by the recent detention by the Japanese at Peiping of Tao Shang-min, Counsellor of the Peiping Political Council, among the southwestern authorities, who characterize this act as far more aggressive that the incidents since tthe Mukden event.

### CHINESE CONSULS FOR INDO-CHINA APPOINTED

The Ministry of Foreign Affairs announced Aug. 26 Hsu Nien-tseng and Shen Chin-yi as Chinese consul general to Hanoi nd Chinese Consul to Saigon respectively. Mr. Hsu is now Chinese consul-general in Siberia.

Following his return to Canton from an inspection trip in Siam, Huang Lin-su, commissioner of education of the Kwangtung Provincial Government, in a press interview Aug. 26 stated that many Chinese schools in Siam had been closed as a result of the enforcement of the anti-Chinese policy of the Siamese Government, and consequently the Chinese childen there had no opportunity of schooling. Despite a series of discussion he had with the Siamese authorities regarding the improvement of the educational condition of the Chinese residents in Siam, Mr. Huang declared, no definite and concrete decisions were reached.

### CANTON SEEKS TAX ON FOREIGN RICE IMPORTS

A resolution urging the Central Government to impose a tax on imports of foreign rice was passed Aug. 23 by the Kwangtung Provincial Assembly, according to a *Reuter* report. The Assembly passed another resolution to increase the local tax on rice to raise funds for redeeming various bond issues. A resolution that the Government abolish opium smoking and gambling in Kwangtung was passed at the meeting of the Provincial Assembly on Aug. 25.

The Kwangtung Provincial Government has decided to establish a net-work of telephonic communication throughout the province. This will include a main station in White Cloud Mountain and sub-stations at other points.

Negotiations for financial aid for Kwangtung in connection with the reconstruction projects of the Provincial Government are in progress in Canton between local leaders and representatives of the Central Government. It is learnt that Tong Hai-on, Superintendent of Customs at Shanghai, who is visiting Canton on an important political mission, has decided to postpone his return to the North. After a careful survey of conditions and a study of the projects, Mr. Tong is said to have agreed that Kwangtung requires over $10,000,000 to complete its various plans.

Meanwhile, local merchants are renewing their demand to the Central Government to redeem "war bonds" running into many millions of dollars, issued to finance the anti-Northern Expedition in 1926.

A net profit of $1,586,590 has been realized from business operations on the southern section of the Canton-Hankow-Railway during the last fiscal year, ending June 30, 1936, according to a report submitted by the Railway Administration to the Ministry of Railways. The total revenue and expenditure for the period under review, the figures show, are $4,969,450 and $3,382,860 respectively.

Business depression in Canton has added to the number of vagrants and unemployed. Because of the hot summer nights, homeless people prefer to sleep on the sidewalks than in the charity boarding houses operated by the local authorities, which are already filled to capacity. Many flats have been deserted and rents have dropped almost by 40 per cent.

### SHANGHAI BANKS URGED TO ASSIST IN DEVELOPMENT OF NORTHWEST

At a press interview on Aug. 23, T. V. Soong, Chairman of the Board of Directors of the Bank of China, encouraged Chinese bankers to invest in the reconstruction of the Northwestern and Southwestern provinces of the country as part of the programme of the National Economic Council. Mr. Soong said that he recently met General Chiang Kai-shek in Kiangsi, where they discussed the reconstruction plan. They both agreed that the Council should pay more attention to reconstruction in the areas named.

Highway construction was said to be most important part of the programme that the Council was carrying out in the Northwest. Three highways linking Szechuan, Hupeh, Shensi and Kansu were in process of construction, with the greater part of the work already finished. The Council would hereafter pay more attention to railway construction and conservancy projects in those provinces.

### $30 MILLION BONDS TO BE ISSUED FOR CONSTRUCTION OF KIANGSI-FUKIEN RAILWAY

Concrete measures for the construction of the Kiangsi-Fukien Railway have beeen agreed upon between General Chiang Kai-shek and President Wang Ching-wei. The projected line will be approximately 100 miles in length extending from the Shangjao station of the Chekiang-Kiangsi-Railway southwards to Foochow, via Yenping, northern Fukien.

A sum of $250,000 monthly from railway surplus is to be appropriated by the Ministry of Railways to the Chekiang-Kiangsi Railway Administration as the Sinkiang Fund for the issuance of $30,000,000 bonds for the construction of the projected line.

### LOAN OBTAINED FROM SHANGHAI BANKS FOR LUNG-HAI EXTENSION

Out of the estimated $15 millions required for the construction of the Sian-Paochi extension of the Lung-Hai Railway, in northwestern Shensi, a loan of $5 millions has been secured by the Ministry of Railways from banks in Shanghai, according to Chien Tsung-tse, Managing-Director of the Lung-Hai Railway Administration. The balance of $10 millions, for the purchase of materials, has also been arranged for by the Ministry, he said. Mr. Chien also stated that plans have been submitted for approval by the Ministry of Railways for the building of a joint Station at Chengchow for the Lung-Hai and the Peiping-Hankow Railways.

The Shensi Provincial Government decided to have the Suite-Sungchiachuan Highway, in northern Shensi, built by refugee labour with the assistance of the troops.

### PARTY CONGRESS WILL BE HELD ON SCHEDULED TIME

The date for the convocation of the fifth National Party Congress, which is scheduled to take place in Nanking on the 12th of November this year will not be changed. The rumor that the Plenary Session of the Central Executive Committee, which will be held on September 20, will discuss and fix a date for the convocation of the Congress, is entirely groundless, according to a prominent member of the C. E. C. He remarked that the sixth plenary session would discuss only the preparatory affairs in connection with the convention of the congress.

# When Art Treasures Go Visiting

(*From the Japan Chronicle*)

A MINOR mystery has been cleared up with the arrival in London of some recent visitors to Japan—the five members of the executive committee responsible for organizing the exhibition of Chinese art which is to open at Burlington House in November. These gentlemem, it will be remembered, when they had arranged for the loan of many art treasures from China, came over to Japan in quest of certain pieces which they hoped would make the exhibition more complete. They failed altogether. Loans of notable Chinese art works have been made from America, France, Germany, Belgium, Holland, and Sweden, as well as the valuable collection from China itself. Only from Japan were no samples available. R. L. Hobson, of the British Museum, who was one of the five committee-men who visited Japan, was very discreet about the Japanese refusal while he was in Japan, but on arrival in England he was interviewed by a representative of the *Observer*, to whom he was more communicative:

"One result of the journey by Mr. Hobson and his colleagues, Sir Percival David, George Eumorfopoulos, Professor Paul Pelliot, and Mr. Oscar Raphael, to the Far East, was a great disappointment. They visited Japan, hoping to secure for the exhibition many of the unique examples of Chinese stone sculpture which are in Japanese ownership. The Japanese authorities, however, associating the name of the Earl of Lytton, who is chairman of the exhibition's executive committee, with the Lytton Commission's report on Manchuria, which was resented in Japan, refused to lend their sculptures."

So that was it! While in Japan the visitors approached the Society for International Cultural Relations, and it seemed inexplicable that this body could do nothing but raise objections. The Society regretted extremely that the time was so short; they regretted that the law regarding "national treasures" made it extremely difficult to lend such objects as were "national treasures"; it was unfortunate that the Society had been in existence only a year and had no experience in this kind of work; it was deplorable that private owners might object to their properties leaving the country; there was no organization for the lending of art treasures to foreign countries, but perhaps there would be some day. Count Kabayama, the Chairman of the Society, interviewed on the subject, expressed the hope that a worthy exhibition of Japanese art might some day be sent to London, but he could not be interested in the idea of the loan of Chinese objects except to regret that it could not be done. In fact, it appeared that Count Kabayama and his society, though their cultural outlook was supposed to be international, were very unwilling to participate in anything that would increase the esteem in which China is held—for the difficulties mentioned were purely imaginary. But nobody at that date imagined that there was yet another and an even worse reason for the objections raised by the Society for International Cutlural Relations—that the Earl of Lytton was associated with the exhibition committee. It is almost incredible—but apparently Mr. Hobson said so, and we cannot doubt him.

### A Strange Story

The whole enterprise makes a strange story, and the gathering up of the collection in various countries might almost be regarded as symptomatic of the break-up of China; yet that would be a rather hasty inference, for if a collection of Italian art were being formed, there would be a similar search over the whole world for the finest specimens. Old China created an immense number of works of great artistic merit, and it was natural that they should be sought by purchasers in all lands and that in some lines the store of examples remaining in the country should be considerably depleted. Mr. Hobson mentioned that in the Peking Palace collection there was a lack of stone sculptures, while it was known that many good examples were readily accessible in Japan, which was the principal reason for the attempt to fill up the gaps in the collection by loans from Japan.

It is a Palace collection no more. For twenty years after the Revolution the collection was kept in the Forbidden City—no longer forbidden to anybody who would pay the necessary fee for entry—and it was not until Peking was threatened with invasion as a sequel to the Manchurian business that the treasures were removed. It is said that they were packed into some six hundred cases and put on the railway for the South. Many charges were made at the time—such as that it was a piece of pure loot on the part of Marshal Chang Hsueh-liang, or, alternatively of the Nanking Government, and some bitter criticism was made of their removal just as though a horde of plunderers were threatening the city. However, according to the interview with Mr. Hobson,

"The Peking Palace collection will never again visit Europe after the exhibition is over. Nor is it likely that it will ever return to Peking. It comes directly from Shanghai, having been stored there for safety during the past therr years, and, as Peking is still less likely, owing to the Japanese advance, to be able to house it safely in future, it will probably return to Nanking, where the Chinese Government intend to create a museum for it"

This will be one more added to the series of fine buildings which promise to make Nanking a handsome modern capital, if the Government can pull through the troubles that beset it, and Peiping will remain the poorer for the want of the treasures, whatever may become of the ancient capital itself. At present its fate is far from certain. It is no longer of great political importance. Its mighty walls remain, but they avail not to protect it. Economically it is a problem. Without Legation guards, tourists, and missionaries, it would have few sources of income. The Universities which attract students from far and wide are threatened with closure except where they are under powerful foreign patronage. Even in this state, however, some prestige attaches to it. So long as its walls and palaces remain the spirit of a great history of thousands of years broods over it. But the collection of art treasures is gone, and with it much that gave the place its unique character. Those who see the exhibition in London may have no idea of the ancient imperial patronage of art which centred in Peking and which enabled Chinese craftsmen to develop an artistic genius which the world admires the more as it learns how much it owes to China. The palaces and the art treasures, however, belong to each other in a peculiar degree. They are now parted, and we cannot tell what will be their future history. Perhaps the ancient art will be an inspiration to a revivified China on the Yangtse. China in her throes must regard the present enthusiasm for her art with mixed feelings. She has not always been so enthusiastic herself, her art being a part of herself, and often, seemingly, a part of minor importance. But it is a sign of her awakening that, along with a realization of the importance of learning all she can from the West, there has come a sense of the value of her artistic past and a hope to make her art a living and developing thing, joining the past with the future in an unbroken inspiration. This exhibition of Chinese art in Europe helps to increase this sense of the value of what is essentially Chinese, and its return to Nanking may make that capital a centre of much inspiration in the future. In refusing to participate in the enterprise Japan has hardly acted worthily of her own high artistic traditions. Her own artistic inspiration comes from China, and to allow quite irrelevant feelings to forbid her to play her part is grotesque and pitiful. It is, of course, due entirely to an error in judgment on the part of two or three individuals. The incident adds a humorous twist to the long history of Chinese art, but it is one that everybody regrets. It may be hoped that the Chinese, at least, hearing of the appreciation of their art in Europe, will take heart and continue their effort to rise above the troubles that the lack of such appreciation has been largely instrumental in bringing on them.

## Dr. Sze Presents Credentials as Chinese Ambassador to U. S.

Dr. Alfred Sze, first Chinese Ambassador to the United States, Aug. 21, presented his credentials to President Roosevelt, marking the official elevation of China's representation from a a legation to an embassy. In receiving the Chinese envoy, President Roosevelt declared, "My pleasure and gratification are enhanced by my knowledge of the able and agreeable manner in which you have previously represented your government at this capital.....Receiving you in your present high capacity I can assure you that the United States Government warmly reciprocates the desire of the Government of China that raising of the grade of their respective diplomats will serve to strengthen the friendship and community of interest which have always characterized relations between China and the United States." Continuing his welcome, the President said, "I welcome the assurances you give me that your endeavors will be directed to cultivating and promoting those relations, and I gladly assure you of the co-operation of the American Government in these endeavors."

## Soviet Embassy Moves to New Quarters in Nanking

As the lease of the former quarters of the Soviet Embassy at Ta Fang Hon in Nanking has expired, the Embassy has been moved to its new quarters at Kao Lu Men. The new Embassy building was formerly occupied by the special experts sent to China by the League of Nations.

## Japanese Papers Ask Phone Fee Investigation

The $60 annual fee paid by telephone users in the north extension zone in Shanghai to the Chinese Municipal Government should form one of the items of study by the committee of four experts, local Japanese papers declared Aug. 22. The Japanese also complain against the delay in the installation of new telephones. The Shang ai Telephone Company, the papers said, is "evading responsibility" by blaming the delay on the absence of permits from the Chinese authorities.

# The Sino-Japanese "Economic Co-operation" in Shape

BY C. Y. W. MENG (孟昭彝)

THE present Chinese political system is said to be modelled on the cabinet system of the West. But the very advantages of the cabinet system are: ease and speed in adjusting the conflict between the executive and the legislature; more response to public opinion than to the president; and a personal union of the functions of the two organs—the executive and the legislative. So when the party in power fails to receive the confidence of the legislature, it resigns and the opposition can immediately step into power; thus, though a political crisis might be created, new political developments, which might lead to a change of policy in response to public opinion, or might give rise to some "fresh hopes" in the situation, might be of great advantage to the nation. What has been taking place in Nanking during the past two weeks, as a result of Wang Ching-wei's resignation from the presidency of the Executive Yuan and the Ministry of Foreign Affairs reveals not only the many defects in the present Chinese political system but also the fact that the very advantages of the cabinet system do not work under the Chinese system.

It is now an open secret that it was bitter opposition from certain Kuomintang leaders against Mr. Wang's policy relating to the situation in North China when China accepted the Japanese demands wholesale, which at last caused Mr. Wang to go to Shanghai with strong intention to resign, and then to Tsingtao for rest, and it was further "verbal attacks" and hot debates in the C.P.C. (Central Political Council) meeting held on August 7 which led eventually to the President's express resignation on August 8. But instead of witnessing the coming into power of a new party, thus making a sudden development in the situation possible, there have been only the many attempts made by high officials to urge the retired President to withdraw his resignation. This time, the Generalissomo who is so busily occupied with his "bandit-communist suppression campaign" in Szechuen has also come to the Capital to urge Mr. Wang to stay. It is now certain that Mr. Wang has agreed to remain in his posts. Thus, the political crisis is over, and everything remains the same as before! So with China's policy toward Japan!

### The Lushan (Kuling) Conference

Before proceeding to the Capital, the leaders, including General Chiang Kai-shek, were said to have held a meeting in Lushan, China's famous summer resort, to discuss political problems and also China's policy toward Japan. Though there is no way to know the result of the conference, we are nevertheless informed that the Lushan Conference "endorsed" Mr. Wang's policy towards Japan, whose policy, as we discussed time and again, is essentially a "policy of compliance." This was also verified by a statement from General Chiang Tso-ping, the first Chinese ambassador to Japan, when he arrived at Nanking from Kuling and when he declared that "General Chiang Kai-shek and other leaders of the Central Government earnestly desire to see the realization of Sino-Japanese economic co-operation." Such co-operation, he said, would be mutually beneficial to the two countries and he would strive to promote it, in collaboration with the Japanese authorities. The Chinese ambassador further remarked that "General Chiang Kai-shek is as earnest in his desire to promote Sino-Japanese friendship as I am myself!"

At the C.P.C. meeting held on August 21, General Chiang Kai-shek, after discussing the "unprecedented crisis for China," asked every member of the Party and the Government to be more "mindful of their responsibilities," and in making statements on the foreign relations of the country, the Generalissimo advised them to "exercise great care and discretion with due regard to the actual condition of the country." In other words, the Generalissimo advised the officials to be more "realistic" with regard to the present situation!

So, after tracing the political situation in China, we are convinced that China's policy toward Japan remains the same. This policy may be summed as follows:—A "realistic" policy; a policy of "in order to resist the aggression from outside, we must first pacify the condition within"; a policy of "compliance"; and a policy of seeking for "co-operation with the invaders." Such a policy is not only held good at present, but probably also after the plenary session of the C.E.C. (Central Executive Committee of the Kuomintang),and possibly even after the holding of the People's Congress in November of this year, so long as the present party remains in power. So let us now turn our attention toward a study of the so-called "economic co-operation" with Japan.

### General Chiang Tso-ping's "Mission" to Japan

According to our information, it was the original intention of the Nanking Government to send General Chiang back to Tokyo, and the ambassader was said to have been "armed with fresh instructions." What are the nature of the fresh instructions, we do not know, but that the first Chinese ambassador to Japan is to carry an important mission to open negotiations with the Japanese authorities to readjust Sino-Japanese relations goes without saying. It was further reported that as soon as some "prospects" were seen, General Chang Chuan, former mayor of Shanghai, now chairman of Provincial Government of Hupeh and generally known as the right-hand man of the Generalissimo, would be also despatched as China's special envoy to Japan to continue the negotiations, but the untimely and sudden resignation of Mr. Wang delayed the ambassador's departure to Tokyo.

As soon as Mr. Wang anounced his intention of cancelling his resignation, discussion of China's policy toward Japan among the Generalissimo, the President of the Executive Yuan and the Chinese ambassador to Japan began again. It is now reported that General Chiang Tso-ping will depart for Tokyo on August 25. We hope our soldier-diplomat will be crowned with success in his negotiations with the Islanders.

### Sino-Japanese Co-operation—The "Scheme"

According to a report from Tokyo which was published in the *Manchuria Daily News* dated August 10, the Foreign Office in Tokyo had already "formulated a definite scheme for Sino-Japanese economic co-operation after consulting and discussing with the various Japanese organs in China," and that such scheme "would be brought up for negotiation as soon as General Chiang, the Chinese ambassador to Japan, returns to Tokyo."

The whole scheme, according to the report, involves the employment of Japanese capital and technical assistance in the development of Chinese agriculture, industries, communications and revision of the Chinese tariff, to make it more favorable to Japanese goods imported to China, etc.

(1) Agriculture:—The scheme points out that Chinese agricultural products amount annually to $150,000,000, but "should Japan give more technical assistance to the Chinese farmers, the annual production would be greatly increased, which would relieve the unfavorable balance against China." China is one of the three big cotton-producting countries in the world, but at present still imports foreign cotton amounting to no less than $200,000,000. But "should Japan give her assistance in respect to the methods of cultivation and selection of seeds, it is the way to realize the common success of Chinese rural economy and the weaving and textile industry of the Japanese." Japanese assistance in the cultivation of cotton in the Provinces of Shantung, Honan and Hupeh, etc., has already achieved good results, the scheme claims. Japan needs Chinese wheat and wool, so Japan must give more technical direction to the Chinese; and China and Japan should co-operate with each other to develop wool products, etc.

(2) Industries:—Aside from the iron mines in Hupeh, Anhwei and Shantung, which are related to the mines of the Japanese, Japan should give technical assistance and capital for the development of iron in Charhar, Honan, Fukien, etc. Japan should also give direction to China in the development of magnesium in Hunan; antimony in Hunan and Kiangsi; and tungsten in Kiangsi.

Though the Standard Oil Company, an American firm, is now making an investigation of oil fields in Shensi, the Japanese "should also make the similar investigation." The Japanese should also give assistance and capital "to develop coal mines in Shensi, Shansi and Honan."

### Shanghai Question Again—The "Tsao-Shih Railway"

(3) Communications:—The construction of more railways connecting the interior of China to sea-ports would greatly facilitate the transportation and movement of Chinese products which would be "beneficial to both China and Japan." The Japanese have long been wishing to construct the "Tsao—(Tsaochow) Shih (Shih Kai Chung) Railway," thus connecting the Tientsin-Pukow Railway and Peiping-Hankow Railway, or in other words connecting Shantung and Shansi, for the development of North China. Therefore, Japan is "most anxious to see this soon put into effect."

(4) Weaving and textile industry and other industries:—The scheme claims China has asked the Japanese weaving and textile business men in China to give their assistance to her weaving and textile industry; and Japan "is anxious to help China." Japan is ready to help the Chinese match industry. If a Sino-Japanese "Mutual Pact" could be concluded, it would be to the advantage of the industries of both countries.

(5) Sino-Japanese Trade Conference:—As discussed above, the economy of the one is closely related with that of the other, so for the sake of studying the means of promoting Sino-Japanese trade and giving closer contact to both people, China and Japan should follow the precedent of the Anglo-Japanese, or the American-Japanese, or the Sino-Japanese trade conference. "Such an undertaking is indeed very timely."

(6) Revision of the Chinese Customs Tariffs :—The scheme considers the increase in the Chinese customs tariffs on imported goods as "anti-Japanese," and "therefore could not be agreed to by Japan." Though the subsequent arrangements resulted in lowering the customs tariffs on Japanese sea products and cotton goods, the Japanese were not satisfied." "Such is, of course, not the proper way toward Sino-Japanese economic cooperation. From the standpoint of the economic recovery of China, its effectiveness is not only much doubted, but it has the very effect of encouraging smuggling," the scheme. points out. "To assist the free circulation of goods between China, Japan and Manchukuo, there is indeed every necessity for the readjustment and revision of the Chinese customs tariffs."

**The "Scheme" in Action—The Hsin Chung Company 興中公司**

A report from Peiping had it that for the sake of developing industries in North China, the Japanese had decided to establish the "Hisn Chung Company," the capital of which is $10,000,000. The former vice-managing director of the S.M.R. (South Manchurian Railway) is now the managing director of the new company. Branch offices are to be established in Peiping and Dairen. A reliable report from financial circles in Peiping further had it that the Japanese would "officially" take up the matter with the Chinese after the settlement of "Liu Incident" (Liu was allegedly murdered by the Chinese). The Japanese have already had conferences with leaders in the financial circles.

The name of the company "Hsin Chung Company"—needs a few words of comment. The word "Hsin" means "revival"; and the word "Chung" means "China". Putting them together, it means a Company for the Revival of China. Would Nanking agree to use such a "slanderous" term in naming a Sino-Japanese joint undertaking?

The opening of a Sino-Japanese investigation organ is also on foot. The demand for the construction of the Tsaochow-Shihkai-chung Railway, as provided in the scheme, "had already been brought up for discussion by the Japanese with the Chinese." The "North China Cotton Association" would be first to be established, the general office in Tangsen or Tientsin.

The Japanese had established a "Foreign Affairs Bureau" in Kupeikow, but according to a report from diplomatic circles, the Japanese had recently abolished the Bureau and converted it into a "Special Organ" in Peiping, whose sole function, according to our information, is to "adjust Sino-Japanese trade relations" and to "protect Japanese and Korean property in North China".

A report from Tokyo further tells us that North China would be used by the Japanese as a "center" for the realization of Japanese economic policy in China. But the "second portion" of the plan to use central China as the "center" of activities is "also under investigation." At present, the Foreign Office, Ministry of War, Ministry of Navy and the Colonial Office have been holding "emergency meetings" in Tokyo to discuss "Japanese policy toward China," in the most detailed manner, so that no mistake will be made, concluded the report.

**A One-Sided and Unilateral Scheme**

There is no doubt that the present scheme is a selfish and unilateral one. The Japanese are anxious to develop Chinese products and are willing to supply China with their capital and technical assistance, just because Japan needs these Chinese products badly. Instead of having to import them from far more distinct countries, Japan could then import them from China, if they could be sufficiently produced in China. Japan demands the readjustment and revision of the Chinese customs tariffs on Japanese goods imported into China, but Japan, throughout the whole scheme, never offers any reciptrocal treatment to Chinese goods imported to Japan. There is equally no doubt that when the scheme is realized, it will reduce China to a virtual "colonial state" of Japan, to be only a "market" for the Japanese goods, and to be a raw-material supplying station of the Island Empire! Such is the aim of the Japanese militarists, or the framers of the present "scheme" for so-called Sino-Japanese economic cooperation!

**"Quid Pro Quo"**

In demanding the formulation of economic co-operation with China, Japan does not offer any "quid pro quo" to China. The employment of foreign capital and technical assistance in the industrial reconstruction of China is expressly provided for in the teachings of our late leader. In "foreign capital and technical assistance," we include, of course, that from the Japanese sources. So we really do not have any objection to accepting the Japanese offers. But there is one condition. That is, in case of ordinary Sino-foreign joint undertakings, China demands that such undertaking must be strictly in accordance with Chinese laws. But in case of Sino-Japanese undertakings, China not only demands that such undertakings must be strictly in accordance with the Chinese laws, but also that there is one "condition precedent" which the Japanese must fulfill before any undertaking can be formed. That is, Japan's sincere and definite renunciation of territorial designs and aggressive measures in China and the "return of the occupied territories to China." In speaking so, we are fully aware that the invaders do not have the slightest intention of fulfilling this "condition precedent," and we are equally fully aware that Nanking has no intention of making this condition precedent; for Nanking's present policy is that so long as China does not have to recognize Manchukuo, China is satisfied and is ready to yield to all of Japan's demands. However this "condition precedent," which we have stated, represents the voice of 450,000,000 Chinese and also the public opinion of the world, upon which the success of the Sino-Japanese economic co-operation depends!

Nanking, August 24, 1935

# Suits Filed Against Ravens Ask Return of $600,000

Claims for a total of $600,000 were filed in the U. S. Court for China Aug. 24 by Frank L. Hough, liquidator of the American Oriental Bank and allied institutions, against various members the Raven family. In the first suit, filed against Frank J. Raven, the liquidator asked judgment on behalf of the American-Oriental Finance Corporation for U.S. $128,311.29, or approximately $320,000 in local currency, with interest at 6 per cent, this being the amount as per agreement made by Raven with the A.O.F.C. at the time of opening the account.

There are five causes of action in the action against F. J. Raven. The first asks judgment of U.S. $107,213.41, the sum due under "R. T. Co. Trustee, No. 101-11" account; the second wants judgment for U.S. $12,472.36, the sum due under "R. T. Co., No. 101-A-5" account; the third asks for U.S. $6,434.65 under "R. T. Co. Trustee, No. 102-A-6" account; the fourth seeks U.S. $1,248.74 under "R. T. Co., Trustee, No. 529-A-25" account, while the fifth asks judgment for U.S. $944.13 under "R. T. Co., Trustee, 518-A-21" account, making a total in all of U.S. $128,311.29.

Frank J. Raven, according to the bill of complaint, operated on the New York Stock Exchange almost to the very day his concerns closed their doors, being on the wrong side of the ledger in his five counts to the sums specified in the suits. The complainant contends in the instance of all five causes payment has been demanded from Mr. Raven but with no success.

With the exception of the sums asked and the names of the book accounts, all five causes read practically the same. In the case of the cause asking U.S. $107,213.41, this reads as follows:

". . . That before the 24th day of May, 1935, at the request of the defendant, the said American-Oriental Finance Corporation, Federal Inc., U.S.A., opened and continued an account for defendant to enable defendant to buy and sell stocks on the New York Stock Exchange, other stocks and commodities, and defendant agreed with the said American-Oriental Finance Corporation, Federal Inc., U S.A. to pay interest at the rate of six per cent per annum on the general balance of said account, which account was designated and described by defendant and the said American-Oriental Finance Corporation." Whether F. J. Raven had stocks or securities of sound value to back up his account was not stated in the bill of complaint.

The four suits filed against Charles Raven (who is a brother of Frank J. Raven, and is head of the Chocolate Shop and an executive in the Bakerite Company) ask judgment for sums amounting to U.S.$62,042.89 and $144,795.24 in local currency, or approximately $300,000 in Shanghai money.

In the first suit filed against Charles Raven, Mr. Hough as liquidator of the A.O.F.C., asks judgment for U.S.$52,724.85 with interest thereon at the rate of eight per cent, the amount alleged due on the defendant's account with the A.O.F.C., maintained for the purpose of operating on the New York Stock Exchange. As collateral for this account, the complaint states, Mr. Raven posted 10,900 Common "A" Bakerite shares, 11 Socony-Vacuum Shares, and 950 Common "A" A.O.F.C. shares. There are two causes of action in the second suit filed against Charles Raven. The suit is brought by Mr. Hough as liquidator of the Raven Trust Company, and the first cause asks judgment for $50,183.90, said to be the amount due on a loan obtained from the Raven Trust Company, amounting to $120,183.90, local currency, on July 20, 1933. Of this sum, $70,000 was repaid. Interest at 8 per cent also is asked.

In the second cause, Mr. Hough asks for judgment in the amounts of U.S.$1,824.04 and $861.74, local currency, alleged to be sums advanced to the defendant from time to time since June 28, 1932. Mr. and Mrs. Charles Raven are named joint defendants in the third suit, Mr. Hough asking judgment for $73,-749.64, together with interest at the rate of 8 per cent. This amount, it is alleged, is due the American-Oriental Banking Corporation on an account carried as the "Charles H. and/or Lillian S. Raven overdraft" account. It is further stated in the complaint that before May 27, 1935, the defendants did pledge, assign and deliver to the A.O.B.C., 13,125 Common "A" Bakerite shares as security for the payment of the money due.

This brings the total now asked in suits against the Raven family to more than $1,500,000. In three bonus suits filed against Frank J. Raven, Mr. Hough asks return of Tls. 405,000 paid in bonuses plus interest, making the whole amount claimed about $700,000. In the two suits filed against Walter Raven and Frank J. Raven a week ago, more than two lakhs were asked, bringing the total to about $900,000.

# Effects of American Silver Policy on China's Silk Industry

BY PAUL K. WHANG (汪仲方)

THE never-ending world business depression, the increasing competition of artificial silk and the wholesale dumping of cheap Japanese silk in foreign markets have already hit our silk industry so hard that it has been on the verge of total collapse. But since the vigorous launching of the silver-purchasing program by the U. S. Government last year, our silkmen have been confronted with a new menace in the form of the rapid rise in the silver price. As China is a silver-using country, the rise in the silver price has had an adverse effect upon her domestic industries, and especially upon those industries, the products of which have been principally for foreign exportation and consumption.

It is with great reluctance that we have to hold the American Silver Policy responsible for accentuating our silk distress but the facts are too flagrant to be ignored. Directly, the rapid rise in the silver price has inevitably pushed up the rates of foreign exchange in China. This increase in the exchange value of a Chinese Silver Dollar has, in turn, boosted up the Chinese commodity prices in terms of foreign currencies, thereby handicapping our merchants in selling their products abroad. While all things are equal, the increase in the rates of foreign exchange in China has made the price of Chinese silk in terms of foreign currencies much higher than that of the Japanese product in foreign silk markets. This state of affairs has given the Japanese silkmen an added advantage in competing with our silkmen in marketing their products abroad. Thus during the first four months of this year, the local silk market was very dull as foreign buyers could procure silk much cheaper from Japan.

The situation would not be in such a hopeless state, if China could in some way share the control of the international silk trade. But the world's silk markets as they are today are manipulated by the American consumers and Japanese producers and China's present silk exportation is too small in volume to influence market conditions. Thus while the silk quotations in New York have been on the increase, their equivalents in Chinese currency have been actually declining as a result of the rise in the exchange value of a Chinese Silver Dollar, as witnessed in the first four months of this year. The Japanese silk producers, by means of this advantage, have been able to further cut down the prices of their products for underselling the Chinese silkmen.

### Cheap Japanese Artificial Silk Disrupts Chinese Market

On the other hand, because of the low exchange value of the Japanese Yen, the Japanese can afford to sell their artificial silk to China much cheaper than otherwise. The invasion of cheap Japanese artificial silk into our market has accentuated the distress of our silkmen. While our raw silk has been principally manufactured for foreign exportation and consumption, a small part of it has been also sold to our domestic silk manufacturers. In recent years, our silk manufacturers, in order to cheapen their products to meet the declining purchasing power of the public, have used artificial silk as substitute for real silk, so much so that our domestic consumption of real silk has greatly dwindled. In recent years, importation of artificial silk from Japan has shown a remarkable increase. It goes without saying that the increasing importation of cheap Japanese artificial silk has made the marketability of real silk even more difficult in the domestic market.

Indirectly, the effects of the American Silver Policy upon our silk industry has proved just as pernicious. The artificial increase in the silver price has caused a heavy drain of our silver stock, which in turn has been responsible for the present monetary crisis. The bankers, as a measure to protect their own position, have refused to grant loans and credits to business men, who have been virtually left in the lurch. The wealthy business men can, of course, carry on their business as usual on a small scale, but the poor ones who have to depend upon banking accommodations to finance their business operations can have no alternative but to close down their establishments.

Our silk industry has already been in a bankrupt state after passing through many years of business depression. The few filature men who have managed to keep their establishments open have pursued a hand-to-mouth policy. Their capital, as a rule, is very small, and they, therefore, have to depend upon banking accommodations to continue their business. In the present depressed silk market, silk can not be sold as readily as it can be produced. It often happens that silk has to be stored in the godowns for months or even for years to await sale. Such being the case, the filature men with little working capital can not keep on running their establishments when they have to have the means to pay labor and factory expenses. In bygone days when silk was often sold several months in advance, the filature men could get along with little working capital. But now in face of the difficulty in marketing silk, the filature men must have a very large working capital to keep their establishments running continuously. The present uncertainty of the money market is, therefore, a source of great worry to our silkmen.

In regard to the bad effects of the American Silver Policy upon China's silk industry, T. C. Li, an experienced silk merchant, has made a careful investigation. According to his findings, the rate of exchange between Chinese Silver and American Gold Dollars since 1933 has been always higher than that between Japanese Yen and American currency, and this difference has greatly increased since the enforcement of the American silver purchase program as testified to by the following table:

| *Year* | *Rate of Exchange between Japanese Yen and American Currency* | *Rate of Exchange between Chinese Silver and American Gold Dollars* |
|---|---|---|
| 1933 ... ... ... | G.$25.537 | G.$27.3125 |
| 1934 ... ... ... | 29.718 | 34.6875 |
| 1935 January ... | 28.500 | 35.5625 |
| 1935 February ... | 28.550 | 37.1250 |
| 1935 March ... | 28.250 | 39.0000 |
| 1935 April ... ... | 28.468 | 39.3750 |

Supposing Chinese and Japanese silks were both quoted at G.$1.30 per pound in the New York market, then according to the exchange rates of gold dollars in these two countries for the month of April, 1935, the Japanese silkmen would get Yen 587 for one picul of silk, while the Chinese could get only Chinese $417.00 per picul, the difference being as much as C.$170.00. This will explain the reason why the Chinese silkmen have been faced with great difficulty in marketing their silk in America.

### How Silver Prices Affect Chinese Silk Prices

Further, according to Mr. Li, supposing the New York silk price remains unchanged, any increase in the silver price will affect our silk price in the following proportions:

| *Silk Price per lb. in New York* | *Silver Price per ounce* | *Rate of Exchange between Chinese Silver and American Gold $* | *Silk Price per lb. in Terms of Chinese Dollars* |
|---|---|---|---|
| G.1.30 | G.$0.455 | G.$33.00 | C.$500.00 |
| 1.30 | 0.655 | 47.00 | 341.00 |
| 1.30 | 0.855 | 62.00 | 255.00 |
| 1.30 | 1.055 | 76.50 | 202.00 |
| 1.30 | 1.255 | 91.20 | 166.00 |

Based on the above figures, while the New York silk price is the same, the price in terms of Chinese currency will decrease from C.$500 to C.$166 per picul, as the silver price increases from G.$0.455 to G.$1.255 per ounce. At the present time, the American silver price is around G.$0.75 per ounce, and figured on this price, the rate of exchange between Chinese Silver and American Gold Dollars ought to be G.$53.42; but because of the imposition of silver duty and equalization charges, the present rate of exchange is around G.$40.00. Otherwise, the silk price in the local market would drop to as low as C.$300 per picul.

To cope with this very unfavorable situation, Mr. Li has suggested that the Chinese Government should assist its silkmen in bearing this extra loss resulting from the unfavorable rate of exchange by having the rate fixed at G$33.00 for the benefit of the silk trade. In other words, all the silks exported to the U. S., irrespective of the prevailing rates of exchange, will be paid for by the Government at this rate. According to Mr. Li, the value of China's silk exportation to the U. S. based on last year's figure is around G$7,980,000, which, at the present rate of exchange, say, G$40.00, will amount to C.$19,950,000. If the Government pays to the silkmen at the exchange rate of G$33.00, it will have to pay out C.$24,200,000—a loss of C.$4,250,000 which has to be borne by the Government. In view of the importance of our silk industry to our country, we strongly urge our Government to act along the lines as suggested by Mr. Li as an effective means to relieve our present silk distress.

With this in view, we must acknowledge that the future outlook of our silk industry is far from being bright. What especially worries our silkmen is to what a limit the U. S. Government will raise the silver price. The higher the silver price, the more difficult it will be for our silkmen to market their products in foreign countries and the more advantage the Japanese silkmen will have in underselling Chinese silk. Therefore, so long as the American Silver Policy remains unchanged, Chinese silk will be in a disadvantageous position to compete with Japanese silk, and the distress of our silkmen can not be relieved.

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# Kwangtung Province, Despite Financial Stringency, Strengthens Naval and Air Forces

(By The Review's South China Correspondent)

DESPITE the stringent financial condition of the Canton Government, necessitating a drastic cut in the army and civilian officers' salaries by over thirty per cent, General Chen Chi-tang has proceeded in earnest with his three years' plan for the improvement of Kwangtung's defence. Following the loss of the cruisers Hai Chi and Hai Shen, which mutinied recently, the Canton Navy is preparing to increase its force by the construction of two or three new ships of the destroyer or sloop type for coastal defence. These ships will also be capable of work in the rivers.

Additions to the Canton Navy are deemed necessary, as the present fleet is composed of armed launches, river gunboats and auxiliary vessels. The only ocean going vessel is the cruiser Chao Ho, which revolted in Tsingtao in 1933 with the Hai Chi and Hai Shen and which because of engine trouble, would not leave with the Hai Chi and Hai Shen for North China last month. Of the Chao Ho it is said that the ship is in such a bad condition that nothing short of $200,000 can put her back in running condition again. For the time being the Government intends to use the Chao Ho as a training ship for the cadets of Whampoa Naval Academy.

### Shiukwan Airplane Factory

Realizing the need for an efficient air service for both military and civilian aviation, General Chen Chi-tang is building a strong air force. It is reported in Chinese circles that while the Canton military mission was touring Europe early this year General Lin Shi-ching purchased 120 fighting planes each from Italy and Germany. All these machines have been contracted to be delivered in Canton within a year's time. If his scheme works out without any hindrance, Canton should possess about three hundred planes before 1935 is over. Sometime in 1936 with the arrival of new machines ordered in Italy and Germany, the South-west hopes to have a fighting force of 500 machines.

With these new arrivals, the squadrons of the air force will be increased in strength consisting of three divisions for each squadron. Each division will include three sub-divisions of 21 fighting machines each.

Under the supervision of the American experts Messrs. Day and Ingle, great progress has been made in connection with the opening of an airplane factory at Shiukwan near Canton in northern Kwangtung. As soon as the factory's construction is finished, Mr. Day will be in charge, while Mr. Ingle is mainly concerned with the installation of all the machinery at the factory. Not very long ago machinery contained in 536 cases, for assembly at the new factory at Shiukwan, was unloaded in Hongkong for reshipment to Canton. The machinery alone cost Canton $1,800,000 in Hongkong currency. The factory is still in the process of erection, but the framework has been completed. After the machinery has been properly put up, manufacturing of machines will be started immediately.

Of political interest also is the announcement by Canton that the Government has bought eight tanks from abroad. An order for 12 more has been placed with a British firm. A tank force was organized on August 1.

### More German Military Experts

Forming part of the Government conscription scheme which will provide thousands of undergraduates of high schools and universities with some military training, more German military experts will be employed at the Yin Tong Military Academy in addition to the present five German officers. The annual expenditure for the academy has been increased this term to $1,280,000 from last year's figure of $800,000. It will be recalled that when the Academy was first opened five years ago by General Chen Chi-tang, the Government allowance was only $400,000 per annum.

Many Chinese military graduates of American, German, and European military colleges have also been employed as training officers at Yin Tong. The Academy has accommodation for some 7,000 cadets. During the summer thousands of middle school students took advantage of their vacation and went to the Yin Tong Academy for three weeks' military training. They completed their term early this month and their graduation was personally attended by General Chen Chi-tang. The latter is taking the keenest interest in the progress of the Yin Tong as many of the officers serving the South-west Armies are former graduates of this school. In its big scale of management and facilities, the Yin Tong Academy indeed bears comparison with the Whampoa Military Academy, which was founded by General Chiang Kai-shek at the time when Dr. Sun Yat-sen was Canton's Generalissimo. It is said that but for the ardent support given to his own cadets coming out of the Whampoa Academy, General Chiang Kai-shek could not have brought his northern expedition to capture Shanghai and Nanking in 1925-1926 to such a speedy success.

### No Significant Political Developments in Sight

In the absence of Hu Han-min and his close associate, Hsiao Fu-cheng (member of the South-West Political Council), who are well known for their insistence on a stronger Nanking foreign policy against Japan, it is generally expected that political developments in the South-west will show few important turns in the next few months. Despite the occasional rumors that Generals Chiang Kai-shek and Chen Chi-tang, the strong man in the Southwest with Canton as his centre of political and military activities, have not been on the best of terms, recent events have convinced most observers that General Chen Chi-tang has followed Nanking's decisions in all his military and political work in South China.

Although officially Generals Chen Chi-tang and Li Tsung-jen (the Kwangsi Commander-in-Chief) were among the signatories of many, if not all, the anti-Japanese statements issued in recent months by Hu Han-min, Chow Lu and others, at heart the militarists of the South-west were conservatives and as such they are in the same school as General Chiang Kai-shek. For weeks past the words of Japan, Manchukuo and even any hints on Sino-Japanese controversies in North China, have not been mentioned even in the Kuomintang weekly memorial services every Monday, which were previously utilized by Chow Lu, Hsiao Fu-cheng and other civilian officials as an opportunity to proclaim Canton's firm stand against Manchukuo.

### Kuomintang Propaganda Curtailed

The most significant announcement of the week is the official report stating that the Kwangtung Provincial Kuomintang's propaganda will be curtailed as from September 1. A similar action has been decided upon for the Canton Municipal Kuomintang. Whether this momentous decision was made by the South-west leaders in view of Nanking's strong desire to remain on friendly terms with all her neighbors has not been officially explained. Apparently it seems that the restriction given to the Kuomintang organs in Kwangtung was the result of a Nanking warning that all provinces should avoid any unpleasant friction with Japan and its nationals.

It is officially estimated that the Kwangtung Government allows the Provincial Kuomintang an annual subsidy of $1,298,518 not including the leading public organisations' contribution of another $65,400 or more. Based on the 1934 receipts of the Kuomintang body, it has worked out that it spent in 1934 something like $1,363,918.

At the 77th session of the South-west Executive Committee of the Kuomintang, Canton officials proposed that the annual expenditure of the Provincial Kuomintang should be cut down by between fifteen to twenty per cent and the Municipal Kuomintang's expenditure for propaganda by a straight twenty per cent. By this retrenchment scheme the Provincial Kuomintang will spend in 1935-1936 only $1,003,624.

The distribution of the Kuomintang funds, namely $1,003,624, has been worked out as follows: a monthly subsidy of $600 for Kuomintang work to each of Kwangtung's first class hsien or districts such as Chungshan, Namhoi, Shuntak, Phoon-Yu and a few others, which requires an annual expenditure of $7,200 for each district; a monthly contribution of $500 for every second class district and a monthly contribution of $450 for each third class district, such as those which are situated in remote parts of Kwangtung nearest to immediate neighbors such as Kiangsi and Fukien. The Provincial Kuomintang Office in Canton City demands a monthly allowance of $10,000 in addition to other expenditures for its educational and propaganda activities.

### Amoy Kuomintang Reorganized

When the retrenchment scheme for the Provincial Kuomintang and Municipal Kuomintang was first suggested, strong rumors were current that the Kuomintang in the South-west would be severely controlled in future in view of Nanking spokesmen's recent utterances that "The Kuomintang assumed complete responsibility in suppressing anti-Japanese activities." Arising out of the recent Shanghai incident when the Editor and Publisher of the *New Life* Weekly was sentenced to fourteen months' imprisonment for printing an article about the Japanese Emperor, it will be recalled that the Central Kuomintang in Nanking through its publicity committee had officially warned all Kuomintang organizations throughout the country, as well as publishers, newspapers and news agencies, instructing them that articles of a nature which may offend Japan must be suppressed. It is strongly suspected that the recent Governmental order for the reorganization of the Amoy Kuomintang and the curtailment of Kwangtung's Kuomintang activities have close connection with the Shanghai incident. It will be recalled that recently the Amoy Kuomintang was reorganized and all its officials recalled to Foochow by the Fukien Provincial Government, following a speech made by an Amoy Kuomintang Director on the Chinese Humiliation Day. The

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Kuomintang Director in his speech touched on certain unfavorable aspects of the notorious 21 demands to China, which had been considered by the Japanese to be most unfavorable to friendly reconciliation between China and Japan.

For his action the Kuomintang Director was dismissed from his post, while a representative of the Fukien Government subsequently tendered an apology to the Japanese Consul at Amoy. Since this unpleasant incident, Chan Luen-fan has been chosen to direct Kuomintang activities in Amoy with a stern order that any propaganda which might create friction between China and Japan should be carefully avoided.

Simultaneous with the Kuomintang curtailment the Canton Government is introducing retrenchment in other departments of the Government. In every military unit in Canton there is a propaganda staff, and these will be abolished in order that the Army may save about $1,000,000 a month. With only their routine functions to perform it is expected that the Kuomintang organs in the City may also dismiss part of their staff as from Sept. 1.

### Wang Ching-wei and the South

A bilateral reception was given by Kwangtung and Kwangsi to the news of the resignation of Wang Ching-wei, President of the Executive Yuan and concurrently Minister of Foreign Affairs. As a Cantonese and one of the late Dr. Sun Yat-sen's most trusted disciples Wang Ching-wei is popular with a section of the Cantonese and Kwangsi politicians, in particular with the Kwangsi men. On the other hand is the opposition evidenced from the members of the South-west Political Council in Canton to men like Chow Lu, Hsiao Fu-cheng and other associates of Hu Han-min.

The actual leaders of the South-west clique, that is, the military officers such as Generals Chen Chi-tang, Li Tsung-jen and Pei Tsung-hsi have issued no official statement making any favorable or unfavorable comments on the decision of Wang Ching-wei. From the camp of Wang Ching-wei's political opponents an enormous amount of propaganda news has been issued making all sorts of charges against the President of the Executive Yuan. Among other things Wang Ching-wei is called a pro-Japanese official. It is only fair to say that this school of thought has gained very little support from the South-west, which continues to believe that the resignation may have been due to a difference of policies between Wang Ching-wei's party and some of General Chiang Kai-shek's more influential associates. There should be little change in China's foreign policy even if General Chiang Kai-shek selects Hu Han-min or any other man to succeed Wang Ching-wei. Of Hu Han-min it is said that he has little inclination to return to Nanking from his sojourn in Switzerland.

The writer on a recent occasion interviewed Hu Han-min at his Hongkong residence and it seemed most certain that Mr. Hu's health would need much attention. For this reason his return to China before the Sixth Plenary Session of the Party Congress on September 20 remains a remote possibility. Of the politicians in Canton the Mayor, Liu Chi-wen (formerly the Mayor of Nanking) and the civilian members of the South-west Political Council, the majority favor Hu Han-min's speedy return to Central Government politics. But this proposal has not been so enthusiastically endorsed by the highest military men in Canton for reasons only known to themselves. The latter group believes that it would be better for Hu Han-min to remain as Canton's chief political spokesman than for him to effect a reconciliation with General Chiang Kai-shek.

That the military group has not maintained the best of relations with the Hu Han-min politicians is evidenced by the fact that Hsiao Fu-cheng (himself a member of the South-west Political Council) has been staying for months in Siam on an unofficial visit there. Hsiao Fu-cheng is the man known for his undaunted spirit in denouncing the Nanking Government for its weak-kneed policy against Japan. But apparently what Hsiao Fu-cheng has often uttered, Canton has found it difficult to copy in actual practice.

The week saw the arrival of many prominent Nanking envoys including General Huang Shao-hsiung (Provincial Chairman of Chekiang), General Chiang Pei-cheng (both coming for General Chiang Kai-shek to discuss military matters with Canton and Kwangsi) and H. O. Tong, Superintendent of Customs in Shanghai, who came to deliberate over Nanking's preventive measures against the extensive smuggling of sugar, rice, flour and other foreign commodities into Kwangtung.

Canton, Aug. 22, 1935.

## Former Marine Superintendent Asks Receiver for Yangtsze Rapids S. S. Co.

Judge Milton J. Helmick in the United States Court for China, Aug. 13, took under advisement Captain J. W. Rosenberg's petition for appointment of a temporary receiver for the Yangtsze Rapid Steamship Company, announcing that he would render his decision in due course of time. Action of the China Finance Corporation in disposing of the vessels of the Y.R.S. Co. for $1,000,000 to satisfy its claim for more than $1,100,000, is the point at issue. Plaintiff bases his petition on a judgment granted him for $12,050, this sum representing unpaid salary, for services as marine superintendent for the Y.R.S.

# U.S. Protests Sharply to Soviets, Threatens Severance of Relations

The United States August 26 threatened the Soviet Union with severance of diplomatic relations when the American Ambassador, William C. Bullitt, handed the Soviet Foreign office the strongest Note of protest in recent United States diplomatic history.

The Note warned the Soviet Union of "the most serious consequences" resulting from speeches and resolutions at the recent World Congress of the Comintern (Third Internationale). Asserting that the Comintern interfered in the internal affairs of the United States, Mr. Bullitt described its activities as "a flagrant violation" of the Roosevelt-Litvinoff agreement pledging the Soviet Union to refrain from propaganda in American territory. The note revealed for the first time the fact that Mr. Bullitt had orally protested to M. Litvinoff, against the discussions at the Comintern Congress.

It said that "if the Soviet Government is unwilling or unable to take appropriate measures to prevent further acts in disregard of solemn pledges given the United States, the most serious consequences must be anticipated . . . . The American people resent most strongly interference or foreign countries in their internal affairs regardless of the nature or result of such interference, and the Government of the United States considers that a pledge of non-interference is an essential prerequisite for the maintenance of normal friendly relations between the United States and the Soviet Union.

The protest took cognizance of the delicate international situation caused by the threat of war in East Africa, as Mr. Bullitt in his note declared. "I may add that it is a source of regret that in the present international situation the development of friendly relations between the Russian and American peoples will be precluded by the continuance, in the territory of the Soviet Union, in violation of the Soviet Union's promises, of activities involving interference in the internal affairs of the American people." The Note said bluntly that the Soviet Government could not be unaware of the activities of the Comintern Congress, including the speeches of William Z. Foster, former Communist candidate for the American presidency, Earl Crowder, secretary of the American Communist Party, and Roy Darcy, San Francisco Labor leader, as well as other Communists, in which the speakers boasted of acts designed to overthrow the American political and social structures.

America's note to Russia was considered by official and press circles in Washington, to be one of the most sharply-worded communications since the United States ended its diplomatic relations with the Central Powers in 1917. It was repeatedly pointed out that recognition of Soviet Russia at the end of 1933 was expected to bring orders for products of American heavy industry; to help to settle American debt claims against the Soviet Union; to develop a powerful friend in Far Eastern matters; and to provide for official Soviet supervision and control of Communist activities within the United States. Actually, it appeared, the huge commercial orders have not materialized; the debt settlement has not yet been reached; and the speeches and resolutions of the recent World Congress of the Comintern (Third Internationale) were considered "the last straw" in American relations with the Soviet.

### The Soviet Reply Is "Et Tu"

M. Alexander Troyanovsky, Soviet Ambassador to the United States, declared that Moscow would offer a satisfactory reply to the note of protest. He gave it as his personal opinion that "anything which American citizens in Moscow say about the United States is insignificant when compared with the propaganda in the United States against the Soviet Union."

Assistant People's Commissar of Foreign Affairs, Krestinsky handed a note to Bullitt Aug. 28 which stated: "We consider it necessary to emphasize, with all energy, that the U.S.S.R. Government has always regarded and does regard, with the greatest respect, all obligations assumed by it, including of course the mutual pledge about non-interference in internal affairs contained in the exchange of notes on November 16, 1933 and discussed in detail in conversations between President Roosevelt and Mr. Litvinov.

"Your note of August 25, contains no facts which could be regarded as violations of its obligations on the part of the Soviet Government. On the other hand, it is undoubtedly not new to the United States Government that the U.S.S.R. Government cannot assume and never has assumed any obligations in regard to Communist Internationale. Thus the statement concerning the violation by the Soviet Government of its obligations as set forth in the note of November 16, 1933 does not follow from the obligations assumed mutually by both parties, in view of which I cannot accept your protest and am compelled to reject it.

"The Soviet Government sincerely shares the opinion of the United States Government that strict non-interference in internal affairs is the essential prerequisite for the maintenance of friendly relations between our countries and in carrying out this policy into consistent practice, declares that it is striving toward the further development of friendly cooperation between the U.S.S.R. and the United States, which corresponds to the interests of the peoples of the U.S.S.R. and the United States and which is of great significance to the cause of general peace."

Acting under instructions from the British Government, Viscount Chilston, British Ambassador in Moscow, Aug. 27 called the attention of the Soviet authorities to the propagandist activities of the Moscow Comitern in Great Britain. The British protest was rejected by the Soviet authorities.

Information received by the Tokyo Foreign office authorities has reportedly shown that the Soviet Union has been sponsoring various underground movements directed against Japan through the medium of the American Communist Party. As a result, Japan has also entered a protest.

### Soviets to Carry on Prospecting Work in East Siberia

About 5,000,000 roubles will be spent this year on prospecting and topographical surveying work in the East Siberian Region. Sixty geological and hydrogeodesic parties have been organized, comprising 300 engineers and technicians and 700 workers. Large prospecting parties in search of mica are working along the Birus River, in the upper part of the Irkut River, the Tolbagin mica mines and in the North-Baikal Region. Along with the exploration of mica deposits, estimation of gold deposits in the North Baikal region will be made. In the southern part of the Tungus Basin, search is carried on for coking coal. In the area east of the Angara River a detailed topographical survey of the layers of sapropelite coal is under way, while in the Central Trans-baikal Region, geology of the new coal-bearing areas is being studied and estimation of coal deposits in the Selenga Region, Buryat-Mongolia is proceeding.

### Soviet Civil Servants Must Wear Uniforms Beginning Next Year

From January 1936, all officials and workers of the Soviet civil service, railways, canal defense, jails and reformatories, field defense, fire brigades, transport services, public administration and similar organizations must wear a regulation uniform and badges of their respective authorities. Up to now all state employees were supposed to wear uniform clothing, but for the most part the regulations were ignored. After the beginning of the new year, however, the rules are to be enforced, a recent telegram from Moscow stated.

### Soviet Ship Cargo via Northern Sea Route

Of the 204 thousand tons of cargo planned for shipment this year via the Northern Sea Route, the major part has already been transported. The "Anadyr" and "Stalingrad" which are going from East to West, have delivered goods at Kolyma. One of them will take timber on at Igarka and deliver it at London, thus trip from Vladivostok to London in one navigation season. Ships going from West to East are bringing goods from Murmansk to Vladivostok and Kolyma.

### Vast Nickel Reserves Discovered at Orsk

Vast nickel reserves containing about 70,000 tons of nickel have been discovered in the Orsk region of the South Urals as the result of prospecting which has been going on for two years and which is still continuing. The construction of a large nickel plant has been started at Orsk. The world's nickel supply at present comes mostly from the Sudbury district in Canada.

## World Revolt Is Minor Aim of Red Russia at Present

A *Havas* message from Moscow, Aug 22, said the Seventh Congress of the Comintern which closed its session in Moscow Aug. 21 differed greatly from the preceding meeting by its well-pondered and organized debates which lacked spontaneity, and of which the main slogan was not that of the World Revolution, as in Leon Trotsky's times, but "War against Fascism and Imperialism." The world revolution is now being considered as a very remote ultimate aim, necessitating much adaptation and elastic tactics. The Communist International, it transpired during the Congress, is now merely a citadel in Kremlin's war against foreign agents, and its object is solely to defend U.S.S.R. socialist achievements. From the tactical point of view the Congress sanctioned the principle of U.S.S.R. rapprochement with capitalist countries, and even advised alliances "with whomever it be, as long as the cause of peace, of which the U.S.S.R. is a champion, be duly upheld."

## Leith-Ross' Visit to China as "Pravda" Sees It

Commenting on the trip to China being made by the chief economic adviser of the British Government, Sir Frederick Leith-Ross and on the trip being made to Hongkong by the British expert, Young, *Pravda* writes:

"One must assume that British interests in China must be hard hit if London has marshalled its most experienced economic advsiers to find a way out of the situation which has been created.

"The trips being made by Sir Frederick and Mr. Young, show clearly the growing anxiety of British imperialism over its interests being undermined in the first place by the Japanese policy in China.

"Japanese imperialism, however, is manifestly not inclined to abandon its program to establish complete control over China.

It was the sharp intensification of Anglo-Japanese contradictions that prompted the British Government to take active steps.

"The fact that Sir Frederick is going to Nanking via Tokyo," the newspaper says, "means that we are being faced by the beginning of new Anglo-Japanese negotiations regarding the situation in China and the Far East. On the one hand, these negotiations reflect the sharp intensification of Anglo-Japanese contradictions and on the other hand, the striving of British imperialism to come to terms with Japan. Under these circumstances, Sir Frederick's mission, acquires particular interest, especially since the question naturally arises which asks: At whose expense do Tokyo and London intend to come to terms?"

## Manchukuo to Spend Only Yen 60,000,000 for Railway Construction Next Year

Decision to halve the expenses for railway construction to Yen 60,000,000 in the next fiscal year was made by the Railway Construction Bureau of the Manchukuo Government Aug. 22. Only two new lines will be built next year, although work will be continued on the railroads already under construction. All railways scheduled to be built in the first part of the road-construction program will be completed by 1938. After that year new lines will be laid at the rate of 300 kilometers a year, at a cost of more that Yen 35,000,000.

### Matsuoka Denies He'll Be Army Puppet

"Ridiculous," was the answer given Aug. 23 by Yosuke Matsuoka, new president of the South Manchuria Railway Company, when asked if it were true that he would be entirely governed by the wishes of the Kwantung Army in his decisions as head of the vast semi-government enterprise. "Just because I said that my decisions on company matters would have to wait until I had spoken with the commander of the Kwantung Army, it is no reason to assume that I will do everything just as the military tell me to do. I have also heard reports that the financial world looked askance at my becoming president and that this would affect the S.M.R.'s plans to raise new capital. Such rumors are wholly unwarranted. I met various financial leaders before my departure, and after frank exchanges of views, I am certain that my position is well understood, he said.

"The S.M.R. is not mine, but a national institution," he added. "Moreover, viewed fundamentally, it provides a barometer to gauge the economic expansion on the Asiatic Continent of the Japanese race; if the organization treads a downhill path, it will be a loss to the entire nation. This must be prevented by all means. The Company needs the support of the whole nation so that it may continue to develop," Mr. Matsuoka said.

### Manchouli Conference Adjourns Until September

Outer Mongolian delegates to the conference with Manchukuo, which opened in Manchouli on May 31 for the settlement of various border incidents, left Aug. 26 for Ulan Bator Hoto where they will confer with their superiors. The parley is scheduled to reopen in September. The conference was originally called to settle the so-called Khalkamiao Incident, which occurred near Lake Buyer Nor late in January following allegedly illegal incursion of Outer Mongolian troops into Manchukuo territory.

### Japanese Rice Crop Will Reach 300,000,000 Bushels

Japan's rice crop will reach 300,000,000 bushels this year, representing an increase of about 50,000,000 bushels in comparison with last year's harvest, the Ministry of Agriculture and Forestry estimated Aug. 26.

### Kangte's Brothers to Return to Manchuria to Join Army

Emperor Kangte's younger brothers, Pu Chie and Junchi, who have been graduated from the Tokyo Military Academy with honors, will return to Hsinking to join the Army, *Rengo* is informed. The Emperor's relatives will be commissioned second lieutenants in the Japanese Army late this month, and on their return home will receive Manchukuo Army lieutenants' commissions. They will arrive in Chungchun late next month.

### Old Chinese Eastern Repatriation Commission Dissolved

Having successfully completed the transportation of 5,800 former Soviet employes of the North Manchuria (Chinese Eastern) Railway and their dependents to the Manchukuo-Soviet border, the Repatriation Commission of the railway was dissolved Aug 23. All members of the Commission, consiting of 312 Soviet citizens and 134 Japanese, attended the last meeting.

According to official figures, 84 special trains were operated from May 20 to the end of July to transport 5,639 employees and 13,535 dependents, a total of 19,174 persons. Others traveled on ordinary trains, bringing the total number of persons evacuated to 23,111.

### Larger Subsidies for Manchukuo Settlers Urged

Larger subsidies for Japanese migrants to Manchukuo were urged Aug. 25 by Takeo Kawagoe, Assistant Director of the Manchurian Affairs Bureau, prior to his departure from Tokyo for

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an inspection tour of the new Empire and Korea. Japanese migrants to the new State at present get subsidies totalling between Yen 400,000 and Yen 500,000, whereas the settlers going to Brazil are subsidized to the extent of Yen 5,000,000 to Yen 6,000,000, Mr. Kawagoe said. During his trip he will study the economic conditions of the Japanese settlers in Manchukuo and the possible effects on them of the projected rendition of extraterritorial rights.

## Kailan Mine to Be Transferred to Japanese

The *Shanghai Mainichi* Aug. 27 stated that a decision has been made to transfer the Kailan Coal Mine which has a deficit of about $400,000, to Japanese capitalists. This means that the British interests are abandoning their last economic base in the presence of the increasing Japanese influence in North China. "This step is also being forced by the materializiaton of large scale Sino-Japanese economic cooperation as well as the fulfillment of the industrial development in North China, and indicates that owing to the rapid development of the influence of Japan who is devoting herself to the improvement of relations with neighboring countries, and to the cause of world peace, the interests representing other powers are forced to withdraw from the region." Under these conditions, China should immediately abandon her traditional policy of making friends with far away countries, and of being hostile to those near her, and she should continue along the path towards real cooperation of China, Manchukuo and Japan, the *Mainichi* commented.

## Japanese Police Drive Chinese Coal Mine Officers from Property

Accompanied by Japanese police, the manager of the Tai Kee Coal Mine (a Japanese concern) and Japanese engineers went to the Liukiang coal mining district (Chinese) and forcibly occupied that mining area on Aug. 25, according to reports received in Tientsin Aug. 27. Boundary marks of the Tai-Kee Coal Mine have been placed in the mining area belonging to the Liukiang Coal Mining Company and staff members of the Chinese company have bene driven out by the Japanese policemen. Representatives of the Liukiang company are petitioning to the Hopei Provincial Governmuet at Paoting to take action against the Japanese forcible occupation of Chinese properties.

## Sino-Japanese Engineering Talks to Be Held in October

A *Rengo* message from Tokyo Aug. 25 stated that a series of conferences between the leading Chinese industrialists and engineers and a mission of Japanese technical experts and Government officials will be held in four larger Chinese cities in October. The meeting will be held under the auspices of the Oriental Engineers' Conference Office of the Kosei Kai, an Japanese industrialists' organization, headed by Viscount Dr. Tadashiro Inouye, member of the House of Peers. The mission, consisting of about 20 persons, will be headed by Dr. Inouye, and will hold its first conference in Shanghai on October 9. Other meetings will be held in Nanking on Oct. 12, in Tientsin on Oct. 14, and in Peiping on Oct. 15. The group will leave for Shanghai on Oct. 5. The establishment of a common standard of weights and measures will be on the agenda of the sessions, the announcement said. The meetings will be folowed by a general conference in Tokyo early next Spring.

## Japanese Praise Economic Development of Country by Mr. Soong

T. V. Soong, in his capacity as a member of the National Economic Council, was highly praised by the Shanghai *Nippo* in a recent issue for his activities in the economic rehabilitation of China. For the last two years, the *Nippo* says, he has been very active in urging the development of the northwestern provinces, paying especial heed to the improvement of communications and the prevention of the annual famines.

When the communist hordes, led by Hsu Hai-tung, Chu Teh, Mao Tse-tung and Hsu Hsiang-chen, joined forces, thus presenting a threat to the northwest, the capitalists became anxious for the safety of their investments in the area, the *Nippo* continued.

Mr. Soong and other members of the National Military Council, fearing the suspension of the economic reconstruction of the northwest, then doubled their efforts to secure funds for the development of the region.

Although, at present, the *Nippo* commented, the communists seem to have the upper hand, General Chiang Kai-shek's armies are bound to win in the end, thus permitting the extension of Nanki g's influence over Szechwan, Kweichow n Yunnan.

The great progress in the reconstruction of Fukien, Kiangsi, Kweichow, Yunnan and Szechwan since their abandonment by the "Red" forces presents great hope for the future, the *Nippo* decrlaed.

# Memorial Held in Peiping for Gareth Jones—Body Cremated

A memorial service for Gareth Jones, the British journalist who was shot by bandits near Paochang on or about August 12, was held in the chapel of the British Embassy Aug. 12. The body was cremated. The ashes will be sent to England.

Captain Millar, of the office of the British Military Attache, stated that, during his search for evidence of the circumstances of Mr. Jones' death, he found a cow-herd who related that, five or six days previously, while his cattle were grazing, about 60 or 70 horsemen galloped up and dismounted. Shortly afterwards he heard three shots fired, and then all mounted and rode off. When he had recovered from his fright, the cow-herd visited the scene and found the body of a white man with a bullet hole in the back of his head and two in his chest. Five hours later, members of the Peace Preservation Corps arrived for the purpose of making contact with the bandits and opening negotiations for the release of the captive. They were shown the body, of which they took charge.

### Jones' Death Taken as Proof That Japan Is Weak in Ending Banditry

The London *Times* Aug. 19, declared in an editorial that the hope that the measures taken by the Japanese military authorities to secure peace and order in North China would put an end to activities of bandits in that area has now been completely frustrated, and, on the contrary, it appears that the advance of Japanese influence into the region has brought about increased activities of those lawless elements—commenting on the reports of the capture and murder of Gareth Jones, correspondent of the *Manchester Guardian*, by bandits in Chahar Province. The paper asserted, however, that the efforts made by the Japanese authorities in order to achieve the rescue of the orrespondent had to be fully appreciated.

### Shang Chen Summons Meeting to Discuss Bandit Suppression

With a view to devising measures for the suppression of the bandits in the Demilitarized Zone, General Shang Chen, Chairman of the Hopei Provincial Government, summoned a meeting at Tientsin Aug 21. Among those present were Ying Ju-keng, Administrative Inspector of Luantung-Shanhaikwan Area, and the leading Commanders of the Peace Preservation Force in the Zone. At the meeting, it is learned, measures for a complete liquidation of the marauders in the Zone within the shortest possible period were discussed at length, but the decisions reached at the meeting were not announced. It is understood that the case of the bandit raid on the train at Shiho the previous week and that of assassination of Col. Liu Tso-chow, Commander of the 3rd Corps of the Peace Preservation Force, were also discussed at the meeting. In connection with the latter question, it was decided that a further order be issued to the authorities concerned for the apprehension of the assailants responsible for the murder of Col. Liu.

### Nanking-Wuhu Bus Attacked by Bandits

A driver was seriously wounded as a result of a bandit raid on a Wuhu-bound bus from Nanking near Kanlipu Bus Station Aug. 22. When then bus, which belonged to the Nanking-Wuhu Long Distance Bus Service Company at Nanking, arrived at Kanlipu Station, two bandits entered the car disguised as passengers. Some ten minutes after the car left the station the two marauders took out their pistols and one of them waved his weapon at the driver, ordering that the car be immediately stopped. Upon refusal to obey, the chauffeur was shot and wounded. Following that, the marauders began to search for money and valuables from the passengers, which took them about twenty minutes, and then fled with the loot.

### Bandit Lair Raided in Small Village Near Tientsin

Prompt action taken by the Pao An Tui, or Peace Preservation Corps, at Tientsin Aug. 26 resulted in the rescue of four kidnapped victims, two of whom were police officials, from the hands of a gang of 50 bandits in the course of a raid on a small village about eight miles south of Tientsin. The marauders, however, succeeded in making good their escape together with their loot which consisted of about $100 in cash, one pistol and one rifle.

## Railway Guard Fires at Feng Yu-hsiang

Gen. Feng Yu-hsiang, erstwhile "Christian General" and at one time major political figure in China, narrowly escaped from being shot by a railway guard while distributing food to flood refugees at Taian Aug. 26, reports reaching Tsingtao Aug. 27 said. The guard, who is said to be a member of the "Blue Shirts," secret Kuomintang terrorristic organization, suddenly opened fire at the General. In the ensuing fracas, 10 persons fell victims to bullets fired by General Feng's bodyguard, according to the dispatches. Tsian is a city on the Tientsin-Pukow Railway, south of Tsinan.

# Weishan Lake Waters Inundate Kiangsu Villages

More than 100 villages in Fenghsien, in the north-western corner of Kiangsu province, on the western side of the Weishan Lake near the Shantung border, were inundated Aug. 26 when the Tasha River overflowed its embankments. Owing to the overflow of the Lutang River, caused by the arrival of the Yellow River flood waters from South-western Shantung, another 40 villages in the Sutsien-Yaowan Area, south-east of Hsuchow, have been submerged. Part of the flood waters is coursing northward towards Taiershuang and Yishien, in Southern Shantung, and is threatening to wash away the road-beds of the Lung-Hai and the Tientsin-Pukow Railways along that section.

As part of the Yellow River flood waters have reached Pakutun, some three miles away, Hsuchow city is seriously endangered. In addition to Hanchuang, Shakow and Mouchun stations, which have already been submerged, the Likuoi and Liuchuan stations of the Tientsin-Pukow Railway are also menaced. Several sections of the line are under water. As a last attempt to check the current from invading Hsuchow city, another dam stretching from the city to Moushan is being built by the local authorities and the people.

### Statistical Report of Flood-Devastated Farmland Released

According to a statistical report released by the National Economic Council, an area of 7,700 square kilometers, covering 12,500,000 mow of farmland in Shantung, has been submerged as a result of the overflowing of the Yellow River, and an area of 25,000 square kilometers, covering 40,000,000, mow of farmland in the Hsiang and the Yangtsze valleys.

Hsu Shih-ying, chairman of the National Flood Relief Commission, describes the Yellow River flood situation as no less serious than that in the Yangtsze River regions, and that if emergency relief measures are not devised immediately, the situation might assume even more serious proportions. According to Mr. Hsu, Shantung is the worst hit province, with 41,250,000 mow of farmland inundated, material damages estimated at $250,000,000 and a total of 3,500,000 refugees.

Grouping the three provinces of Shantung, Honan and Hopei together, Mr. Hsu says, the total property losses have been estimated at over $300,000,000, the number of flood sufferers is roughly counted at 5,500,000 and an area of 40,000 sq. kilometers completely submerged.

During the week Mr. Hsu had visited not only leading cities like Tsinan, Kaifeng, Loyang, and Paoting, but also the interior districts such as Tungchwang, Lanfeng, Kaochang, Tungming, Changyuan Puyang, Yenshih, Kunghsien and Piaocheng.

In Hopei, Mr. Hsu revealed, only three districts are quite seriously affected, namely Changyuan, Fuyang, and Tungming, the situation there being not as serious as in Honan and Shantung. In Hopei the number of refugees is estimated at 200,000.

In Honan, Mr. Hsu asserted, Yenssu, about 15 miles east of Loyang along the Lunghai Railway, has been most seriously afflicted, the entire district having been reduced to utter ruin by the Hwangho flood waters.

Turning to the serious situation in West Shantung, the veteran relief worker stated that as a result of the breaches at the Tungchwang dyke in west Shantung, all the regions south of the district had been flooded, assuming the appearance of a vast lake.

Attention was drawn by Mr. Hsu to the difficulty of closing up the dyke gaps at Tungchwang. A light railway, according to Mr. Hsu, has to be built from Lanfeng near the Honan-Shantung border to Tungchwang for the transportation of repairing materials. More than 300 junks will be required to convey these materials to where the gaps are and this task of transportation alone will require about three months. And it is only after this preliminary work is completed that actual repair work can be commenced.

### General Chang Chun Visits Shanghai to Secure Aid for Sufferers

General Chang Chun, chairman of the Hupeh Provincial Government, arrived in Shanghai Aug. 26 from Nanking to obtain relief funds for the flood sufferers in his province. In a press interview General Chang stated that he was gratified to learn that the Shanghai Flood Relief Society had decided to send $150,000 to his province for the purpose of carrying out emergegcy relief measures. He had also to see Dr. H. H. Kung, Minister of Finance, who was recently petitioned by him for $5,000,000 for the same purpose. Dr. Kung met General Chang, but the result of their conference was not disclosed. General Chang said that while $10,000,000 was needed for the flood relief work in his province, he could only obtain $1,000,000 locally. General Chang entertained Dr. Kung and many other prominent Chinese at a banquet given at the Park Hotel.

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# Government Control of Industry Is Planned

At the request of the Shanghai Chamber of Commerce for Government control of industry in view of the present serious industrial crisis in the country, the Ministry of Industry has organized a special committee to study the problem.

According to Chen Kung-po, Minister of Industry, the 23 experts who have been appointed to serve on the committee, include Messrs. Liu Ying-fu, Hsu Shih-lien, Chao Kwong-han, Ma Ke-hsiang, Li Chung-tien, Liu Yao-chong, and others.

The Ministry of Industry has already received special communications from various provincial and municipal governments on the problem. Among those governments, from which such communications have been received expressing opinions on Government Control of Industry are, the Kiangsu Provincial Government, the Chekiang Provincial Government, the Kiangsi Provincial Government, the Szechuan Provincial Government, the Kwangsi Provincial Government, the Ninghsia Provincial Government, the Chahar Provincial Government and others.

After making an examination of these communications from the different provinces and after a study of the general problem is made by the special committee of the Ministry of Industry, concrete plans will be formulated and will be submitted to the Executive Yuan for approval and adoption.

### Kiangsi Asks Loan of $500,000 from Central Bank of China

In order to tide over the present financial stringency of the province, the Finance Department of the Kiangsi Provincial Government is now negotiating a loan of $500,000 from the Central Bank of China with the salt surtax of the province as security.

### Dr. C. T. Wang to Head Mining Finance Readjustment Committee

The Ministry of Industry has organized a Mining Finance Readjustment Committee to assist mining companies which are in financial difficulties. The following have been invited to serve on the Committee:—Dr. C. T. Wang, Managing Director of the Liu Ho Kou Mining Company; Chien Yung-ming, General Manager of the Chung Hsing Coal Mining Company; Dr. Weng Wen-hao, General Manager of the Joint Office of the Chung Fu Mining Company and the Pekin Syndicate (British); Chao Chin-ching, former Administrative Vice-Minister of Industry and at present Director of the Stamp, Wine and Tobacco Bureau of Chekiang; Wang Cheng-fu, Assistant Managing-Director of the Liu Ho Kou Mining Company; Ku Chen, General Manager of the East China Coal Mining Company; Lu Kai-chiung, Manager of the Yuseng Mining Company; Huang Chin-tao, Dircetor of the Mining Department of the Ministry of Industry; Chang Hu, General Director of the East China Mining Company.

Dr. C. T. Wang and Messrs. Huang Chin-tao, Chao Chin-ching and Wang Cheng-fu will be members of the Standing Committee with Dr. Wang as Chairman.

### $30,000,000 Bonds to Build Chekiang-Fukien Railway

In order to complete the construction of the Chekiang-Kiangsi-Fukien railway, the Ministry of Railway is planning to float another Public loan in the form of bonds, to the value of $30,000,000, with the approval of the Central Political Council. It will be secured on the monthly surplus of $250,000, from railway receipts. The bonds will be mortgaged to Chinese banks in Shanghai. Half of all the bonds on their face value will be mortgaged to the banks for $10,000,000, in cash, for starting the construction of the Chekiang-Fukien section of the railway, while the other half will be mortgaged to a German firm for a similar sum in cash, for buying necessary raw materials.

Negotiations along this line have been conducted by Tseng Yang Fu, head of the reconstruction department of the Chekiang Provincial Government and chairman of the board of the Chekiang-Kiangsi-Fukien Railway Company.

It is said that Mr. Tseng has negotiated with banks for settling this question, including the Central Bank of China, Bank of China, Bank of Communications, Kingcheng Banking Corporation, Continental Bank, Yin Yieh Bank, Ningpo Commercial and Savings Bank, National Industrial Bank of China, China Commercial Bank, and the Manufacturers' Bank of China.

### Rich Tungsten Deposits Found in Kwangsi

Rich tungsten deposits have recently been discovered in the district of Kungchen, Kwangsi Province.

Industrialists are sending applications to the provincial government for permission to develop the mine in the district.

According to reliable circles, the Fu Yuan Co., which has been operating since last March, is reaping more than $10,000 profit each month. Twelve companies are now mining tungsten in Kungchen hsien. According to the estimates, the tungsten deposits in Kwangsi are the second largest in the country.

### Industrial Company Organized by Overseas Chinese

A number of prominent Chinese residing in the South Sea Islands including Messrs. Hu Wen-hu of Singapore and Wang Chen-hsiang are organizing a China Industrial Company for the development of industry and opening of mines in China. The first meeting of the promoters of the company has been held at Singapore.

### Singapore to Hold Chinese Goods Exhibit

All native goods manufacturers throughout China have been invited to participate in the exhibition to be held in Singapore under the auspices of the Chinese General Chamber of Commerce in said city on October 5, according to an announcement made at a meeting of Chinese industrial leaders held the at office of the Foreign Trade Bureau Aug. 22. According to a report given at the meeting by Wang Shu-yang, representative of the Chinese General Chamber of Commerce in Singapore, who has been stationed in Shanghai to take charge of arrangements with local native goods manufacturers with regard to the latters' participation in the exhibition, the main purpose of the exhibition will be to arouse the interest of the public in Singapore in Chinese products with a view to promoting Chinese trade in general in the Straits Settlements. The exhibition, first of its kind ever held in Singapore, will be conducted in the Great World Amusement Center in Singapore and every effort, Mr. Wang said, is being made to make it a grand affair. Mr. Wang finally urged on groups represented at the meeting to send responsible persons to participate in the native goods exposition and, during their visit in Singapore, they could also investigate the industrial and commercial developments in Straits Settlements (which has Singapore as the main trade center) with a view to ascertaining the need in those parts for Chinese commodities.

### Leather Industry in Tientsin Is Depressed

Unprecedented business depression has affected about sixty leather factories in Tientsin in the past four years. This year, about one-third of the factories, whose capital totalled approximately 3 million dollars, have closed their doors and suspended operations. The price of the leather products has decreased by forty per cent as compared with the price three year ago, while the prices of raw materials used in the industry have only dropped 10 to 17 per cent. The vigorous competition among the enterprises themselves is one of the causes which aggravate the situation of the industry.

### 1,000 Workers Out of Work as Salt Fields Are Flooded

Over 1,000 workers whose whole lives have been closely associated with the salt business at Chaoyi, a town about 30 kilometers north of Tungkwan on the western bank of the Yellow River, have been thrown out of work as a result of the recent floods.

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# Japanese Urge Chinese to Improve Quality Cotton

Commenting on the resolutions adopted at a meeting of buyers for Japanese cotton firms on August 22, whereby further efforts for the improvement of Chinese cotton growing, transportation and packing will be urged upon the Cotton Rationalization Commission of the Chinese Government, and the probable acceptance by the latter of these suggestions—was hailed in an editorial of the Shanghai *Mainichi Shimbun*, Aug. 25. "We cannot help rejoicing at these indications, which are evidence of closer economic co-operation between Japan and China," the newspaper says. The *Mainichi* highly praises the operations of the Rationalization Commission during the past year and predicts that improvements in Chinese cotton will be conspicuous in the near future. "This will both directly and indirectly aid cotton farmers," the newspaper added. The *Mainichi* further declared that besides improvements in quality, a decrease in price is necessary. To achieve this, domestic transportation facilities will have to be expanded, for, at present, it costs as much to transport a bale of Shensi cotton to Tsingtao as it does to bring one from North America. Attention will also have to be paid not to mix cotton shipments with those of coal and to standardize grading, the *Mainichi* added.

Under the auspices of the Cotton Improvement Bureau of Honan, the province has been divided into three areas for the development of cotton cultivation. Experts have been despatched to the districts to instruct the farmers in modern methods of cultivation. On account of the drought in the spring and excessive rainfall in the summer, the cotton crop this year will be only about 60 per cent of the average, and is not expected to yield more than 400,000 piculs.

### China's Cotton Crop Decreases, But Quality Generally Considered Bettered Throughout Country

Reporting a marked decrease in the area of cotton fields under crop in China, the first estimate of China's cotton crop for 1935, issued by the Chinese Cotton Statistics Association in Nanking, shows at the same time that there has been a great improvement in methods of production and in quality. Taking into consideration damages done to the crop, the estimate is based on conditions up to August 15. The total area of the cotton fields in this country is said to be 36,212,768 mow, and the total amount of raw cotton produced during the year is estimated at approximately 9,596,684 piculs. These figures are based on reports submitted by twelve provinces, Hopei, Shantung, Shansi, Honan Shensi, Hupeh, Hunan, Kiangsi, Kiangsu, Anhwei, Chekiang and Szechuan Two municipalities, Tientsin and Shanghai, are also included.

## The Glories of Kuling

*The following are extracts from an article by Emil S. Fischer in the Shanghai Sunday Times describing a recent visit to Kuling, the mountain resort near Kiukiang.*

The scenery passed while slowly being carried up to Kuling is most attractive in the gorge as well as all around the spa itself. The weather during my stay was fine and cool for the whole week. I had some difficulty at first to find the residence of my hots, the Da Garcia family of the Hankow Custom, as I was sent first to the far off Wuhu Custom residence, and there I found out that Kiukiang and Changsha as well as Nanking also possessed residences for the families of their officials in various directions of the main valley and the west valley on different slopes and gullevs of the actual outspread of Kuling. A most lively scenery could be observed in the neighborhood of the stone-built attractive Kuling postal office, where are also the shops and market places of the compradores. There young and old, both men and women, congregated in bare and covered legs and shorts, Chinese as well as foreign. Being at the head of the stony brook and gulley of the Hankow Gorge, we had a marvellous view of the compact scenery of the Lu Shan mountains which, ages ago, had been sung in Chinese forklore.

There are a dozen fine promenades in the vicinity, but I felt the need of rest. I only climbed up towards the Water Reservoir above our gulley, from where, when climbing to the eastern hill crest, a fine view can be had from about 5,000 feet above sea level over the basin of the Po Yang Lake.

## Yenching University Reopens with Large Enrollment

A correspondent writes from Peiping that preparations for the coming session of Yenching University, which will formally begin on Sept. 1, are being rapidly completed. As indicated by the large number of students who took examinations and are accepted the enrollment, this year is expected to be up to the limit set by the University. The new features this year, according to a statement issued from the President's office, are in connection with courses which are being added for the vacational training in rural reconstruction. These look forward to fitting students for taking part in the rural reconstruction activities which are playing so important a part in different provinces and have a special relation to local government, rural cooperative and rural education. Another change has been in the Department of Chinese which is a subject being increasingly stressed by Yenching University. Hereafter, it is hoped, the effort will not be only to maintain the usual required and elective courses, but to enable all students, including those majoring in Natural Sciences and Public Affairs, to master a clear and accurate style of writing.

The faculty of the University is enlarged this year by the addition of several new members who are well-known scholars and are considered authorities in their respective fields.

## Yenching University to Merge with West China "U"

Confronted with financial difficulties because of the dropping off of student enrollment subsequent to the "curbing of anti-Japanese education and movements," the administrators of Yenching University in Peiping are making arrangements for a merger of the institution with the West China Union University in Chengtu, Szechwan, a special despatch to the Shanghai *Nippo* from Peiping said Aug. 20.

A representative of Yenching is now in Chengtu making arrangements for the merger on the basis of a plan advanced by the Ministry of Education, the report added. "Yenching University has always had marked anti-Japanese tendencies and was consequently popular among the students," the paper added. "Entrance to Yenching was a virtual requisite for those who sought higher education in the United States."

## Co-education Prohibition Not to Be Carried Out in Peiping This Year

*Kun Min* states that owing to various difficulties, the decision of Mayor Yuan Liang to prohibit co-education in middle schools in Peiping cannot be carried out this year. A set of provisional measures regarding co-education for the transitional period has however been drawn up by the Municipal Government for enforcement. Beginning from the new academic year next month, private co-educational middle schools will not be permitted to enrol more girl students. Girls already studying in co-educational middle schools (including both senior and junior middle schools) may continue their studies for the time being, but should be withdrawn gradually. By the end of the 25th academic year (1936-1937), no girls will be allowed in the present co-educational schools.


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# Tientsin Experiences Serious Financial Difficulties

The financial authorities in Tientsin are facing a nightmare as, although the current fiscal year has already two months spent, they are still unable to balance the municipal budget for the 24th fiscal year. Municipal revenue has been hit to an unexpected extent owing to the business depression which caused large numbers of shops and factories to close their doors within the last few months. Otherwise reliable resources of municipal receipts have now generally been depleted following the slump, and there is no prospect for the opening up of new ones. General expenses for the current fiscal year have been estimated at $5,000,000, while receipts are not expected to exceed $4,000,000. This means that before the end of June 30 next year, the Municipal Government would have incurred an additional debt of over $1,000,000. Efforts are now being made by the authorities to make both ends meet, but it is highly doubtful if they could succeed without resorting to drastic cuttings or other emergency measures.

### Hongkong Dollars Affected by War Rumors

The threat of war between Italy and Abyssinia and Great Britain's firm policy in that connection is dramatically affecting the currency situation in Canton. Hongkong dollars, which had been soaring during several weeks in relation to Canton money, slumped heavily the previous day. The premium (Aug. 22.) reached as high as 522 for every 1,000 dollars, but it since dropped to 455. It is recalled that during the Great War, the Hongkong dollar dropped below the value of the Canton dollar.

### Japanese Benefit from U. S. Silver Policy

Spurred by the American silver purchasing policy, Japanese exports of gold and silver this year totalled Yen 140,000,000 at the end of July, showing a favorable balance of Yen 68,583,000, the Tokyo Ministry of Finance announced Aug. 21. This excess of exports over imports in precious metals, experts believe, will have a serious bearing on Japan's international balance of payments at the close of the year. Exports for July totalled Yen 27,184.000, imports Yen 11,290,000, resulting in a favorable balance of Yen 15,893,000.

### Gold Smuggler from Shanghai to Be Indicted in Osaka

Otosaburo Matsubara, 52, owner of Matsubara Yoko, an importing firm with offices on Wuchow Road, Shanghai, was turned over by the police to the Procurators' Office of the Osaka District Court, Aug. 23 with ten alleged accomplices, on joint charges of having smuggled more than 734 pounds of gold, valued at Yen 850,000 out of China in the last two years. Formal indictments are being prepared against the 11 defendants.

According to the police, Matsubara confessed to having carried out 25 smuggling operations during the two-year period.

The arrest of Matsubara here in Shanghai on June 22 resulted from police suspicions being aroused by the unusually large reward he had given a taxicab driver in Osaka when the latter had reported the finding of a gold bar valued at Yen 10,000 in his hack in March. Matsubara gave the honest cab driver Yen 450. This generosity and the apparent anxiety of the donor to avoid unecessary publicity aroused the suspicions of the police who opened an investigation.

Two representatives of the Osaka police arrived in Shanghai in the middle of July and after consultations with the Consular police carried out a raid.

### Koreans Continue Smuggling Silver

Japanese Police arrested four Koreans in Peiping Aug. 27 when they tried to smuggle $12,000 worth of silver from Shunteh to Manchuria. Since the Koreans can not obtain any silver in Peiping and Tientsin because of the special restrictions prohibiting them from drawing silver out of the banks, a number of the Koreans are collecting silver in Honan Province.

## Suppression of Illicit Gold Bar Firms Is Asked by Chinese Authorities

The Authorities of the City Government of Greater Shanghai are finding it difficult to suppress the illegal activities of gold bar brokers who are operating in Shanghai. Suppression of the activities of such illegal establishments engaged in gold bar speculations has been ordered by the Ministry of Finance upon the petition of local exchanges. Following receipt of the order from the Ministry of Finance, the City Government of Greater Shanghai has, with the assistance of the authorities of the International Settlement, launched an investigation. To date, more than 20 such establishments, mostly on Szechuen and Kiangsi Roads, have been located. Some of these establishments are run by Chinese while many others are operated by foreigners. Only a few, however, have suspended their operations in compliance with the order. Those run by foreigners, the City Government of Greater Shanghai has found itself powerless to act against, owing to the fact they possess extraterritorial privileges.

# Col. Scaroni Appointed Head of Aeronautic Commission

Colonel Silvio Scaroni, famous Italian war ace, who brought out to China the giant Savoia Marchetti S-72, a gift plane from Premier Benito Mussolini to Generalissimo Chiang Kai-shek, has been appointed Chief Italian Adviser to the Commission on Aeronautical Affairs in Nanchang, it was announced Aug. 25. Colonel Scaroni succeeds General Lordi, who is returning to Italy via Siberia. It is officially announced that General Lordi is going to Italy on leave, but well-informed circles close both to the Italian Embassy and to the Commission on Aeronautical Affairs state that General Lordi will not return to China for some time, if at all. General Lordi, Nanchang circles state, will be given a high command in the Italian Air Force, most probably in East Africa.

It has been reported in circles near to Generalissimo Chiang Kai-shek, that the latter has received a confidential message from Signor Mussolini himself to the effect that it was necessary to recall General Lordi, and that his place in China would be taken by Colonel Scaroni. Colonel Scaroni is an expert on aeronautical organization, as in addition to being a War Ace and one of the best ranking officers of the Italian Air Force, he has also for several years acted as Air Attache to both the Italian Embassies in London and in Washington.

Information has been received from Nanchang that, without wasting much time, Colonel Scaroni has already taken over General Lordi's duties. It is also understood that Premier Mussolini has declared that, notwithstanding any situation arising in East Africa and in Europe, Italian aviation would not give up its present position in China, and no advisers or instructors would be recalled from service on the Commission on Aeronautical Affairs in Nanchang.

At present, there are about 25 Italian officers in Nanchang, the Italian advisers being solely depended upon by the Chinese. Another training school has been planned by the Italians in Loyang, and plans for an Italian airplane factory in China have also been discussed.

General Lordi, then Colonel, came to China several years ago as head of the Italian Military Aviation Mission. He was sent as a personel envoy from Signor Mussolini to Generalissimo Chiang Kai-shek. It was during his stay in China that he was promoted to the rank of general.

Colonel Scaroni, who was in charge of the giant Savoia Marchetti, S-72, on its flight to China, was aide-de-camp to the King of Italy and is decorated with the Gold Medal, the highest military decoration. He distinguished himself during the World War, having 34 enemy machines to his credit. He has also been Air Attache both in London and in Washington.

## Proposed Air-Line Between Manchukuo and China is Deadlocked

Negotiations between Manchukuo and North China authorities for the establishment of an air-line between North China and the new State, which have been going on for some time, have ended in a deadlock. This is according to a statement made by the official Japanese military spokesman in Peiping, Aug. 26 who added that the three airplanes which had their base at the Nanyuan drome, Peiping, for some time past, had nothing to do with the proposed service. He declared that these planes belonged to Manchukuo and had been loaned to the Japanese military authorities for the transport of army officers to and from the new State. He admitted, however, that civilians were carried occasionally, but stated that no fares were charged, and that these machines in no way would compete with the projected air-line. It is reported that the proposed air-line will be discussed between Wang Keh-min, acting Chairman of the Peiping Political Council, and Wang Ching-wei, President of the Executive Yuan and Foreign Minister.

## Cantonese Continue to Demand That Nanking Redeem "War Bonds"

Negotiations for financial aid for Kwangtung in connection with the reconstruction projects of the Provincial Government are in progress in Canton between local leaders and representatives of the Central Government. H. O. Tong, superintendent of customs at Shanghai, who is visiting Canton on an important political mission, has decided to postpone his return to the North. After a careful survey of conditions and a study of the projects, Mr. Tong is said to have agreed that Kwangtung requires over $10,000,000 to complete its various plans.

Meanwhile, merchants in the South are renewing their demand to the Central Government to redeem "war bonds" running into many millions of dollars, issued to finance the anti-Northern Expedition in 1926.

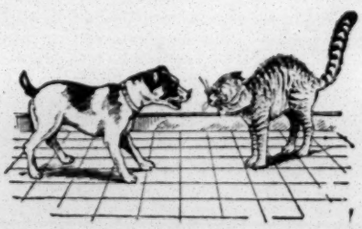
# Who's Who in China

吳惠和字鳴鸞

Wu Wai-ho

Wu Wai-ho, Government official; born at Hsiuyen, Liaoning, 1898; was graduated from the Fengtien Law College and the Military Institute; has successively served as police commissioner of Tungling District, Kirin; inspector of the Constabulary and concurrently chief of the 1st Police Area of Yenchi, Kirin; Chinese secretary to the Board of Directors of the Chinese Eastern Railway; section chief, Liaoning Provincial Government; director of the tax bureau, Fushun District, Liaoning; Magistrate of Pengwu District, Liaoning; Magistrate of Yungchin District, Hopei; counsellor with the rank of Major-General to the Headquarters of the 2nd Group Army in North China and concurrently vice-director of the Peiping Office of the Army; director of the 1st Special Area of Tientsin Municipality; now director of the 2nd Special Area of Tientsin; address: Office of the Director, 2nd Special Area, Tientsin Muncipality, Hopei.

吳惠和字鳴鸞，年三十七歲，遼寧岫岩縣人，奉天法政學校畢業，陸軍講武堂畢業，歷充吉林東寧縣警察所所長，吉林延吉警察廳督察長兼一署署長，中東鐵路理事會華文秘書，遼寧省政府科長，遼寧撫順縣稅捐局長，遼寧彰武縣縣長，北平政務委員會吏治調查員，河北省永清縣縣長，華北第二集團軍總司令部少將參議兼駐北平辦事處副處長，天津市特別第一區公署主任，現任天津市特別第二區公署主任，

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## In the United States Court for China

| | |
|---|---|
| HENRY WILTON HAPPELL, Plaintiff, vs. OGZILLE HAPPELL, Defendant. | Cause No. 3929<br>Civil No. 1851<br>ORDER OF PUBLICATION<br>Filed at Shanghai, China, August 9, 1935.<br>William T. Collins, Clerk. |

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 9th day of August, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 9th day of August, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 9th day of August, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein since 1926, and that defendant's last known address was Care General Delivery, Oakland, California, U.S.A.

NOW, THEREFORE, it is this 9th day of August, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 31st day of August, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shangha, China,

this 9th day of August, 1935.

MILTON J. HELMICK,

*Judge.*

## CUSTOMS NOTIFICATION No. 1461

The public is hereby notified that in accordance with Government instructions Wheat Flour will in future be subjected to inspection by the Government Testing Bureau of Shanghai before importation from abroad will be permitted.

Detailed information regarding the prescribed procedure, which will be put into force from the 1st September, 1935, can be obtained at the Custom House.

H. O. Tong,
Superintendent of Customs.
L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 26th August, 1935.

# Men and Events

The state burial for the late Liao Chung-kai, veteran Kuomintang leader who was assassinated in Canton in 1925, will be held at Purple Mountain on September 1.

The highest temperature recorded in Shanghai this month was reached Aug. 22 when the mercury, having remained for several weeks at comparatively moderate levels, suddenly shot up to a maximum of 97.7 degrees Fahrenheit.

Ditaro Arakawa, Chief of the Wireless Service Section of the Japanese Communications Ministry, arrived in Shanghai this week to conduct preliminary negotiations with the Chinese authorities on the opening of a radiophone service between the two countries.

Dr. and Mrs. H. H. Kung, on behalf of the National Child Welfare Association of China, gave a tea-reception at their residence, 383 Route de Sieyes, Shanghai Aug. 27 in honor of Mrs. Owen Roberts, managing director of the China Child Welfare, Inc., of New York, who arrived here this week.

Kung Hsueh-sui, provincial Commissioner of Reconstruction and concurrently Mayor of Nanchang, and Wen Chun, Secretary-General of the provincial Government, have been commissioned by the Provincial Government to study the co-operative movement in the United States and Europe. They are leaving Shanghai some time in October.

General Ho Yao-tzu, Chinese Minister to Turkey, has asked for two months' leave on a tour of Europe. General Ho left Angora on Aug. 13 and expects to return to the Turkish capital in the latter part of October. During the absence of General Ho, Mr. Wang Fang-sheng, Counsellor of the Chinese Legation, is in charge of the Legation affairs.

Three representatives of the workers of the Peiping Bureau of Printing and Engraving arrived in Nanking this week to petition the Central authorities to take immediate steps for the reopening of the Bureau. It is stated that the authorities of thes Bureau have already signed contracts with many Chinese banks for printing their banknotes and that the Bureau will be formally reopened after the director of this government printing house, Wu Ta-yoh, has received instructions from the Ministry of Finance.

Ting Kwei-tang, chief secretary of the Chinese Maritime Customs returned to Shanghai this week after a six-months tour of investigation in Europe and America. Among the customs administrations visited were those, of Italy Belgium, Switzerland, Netherlands, France, Austria, Hungary, Czechoslovakia, Norway, Denmark, Germany, England, Ireland, and Canada, and the United States.

The newly-appointed Canadian Government Trade Commissioner to China, H. A. Scott, arrived in Shanghai Aug. 27 accompanied by Mrs. Scott. Mr. Scott is a high official of the Ministry of Commerce of the Canadian Government. During the World War he served in the Royal Aviation corps. Later he entered a university where he studied economics. Mr. Scott will fill the position left open here by the transfer of Colonel Cosgrave to Australia.

After three weeks of negotiations, the strike of 178 workers of the old Union Brewery at 1420 Gordon Road in Shanghai officially came to an end Aug. 22. when the representatives of the workers and officials of the brewery company signed an agreement that will cost the brewery about $60,000. The workers will not remain in the employ of the company. They will draw retiring gratuities based on length of service, two-thirds of their wages for August and a small additional bonus, also based on length of service. The average will be between $300 and $400 per man. Some men will receive as low as $100 while some will draw as much as $2,000 each.

Minor riots in the French Concession and Chapei were quelled Aug. 26 by the authorities before reaching serious proportions, although one of them resulted in the death of a railway worker, while in the other case, a serious situation was only averted through prompt action on the part of the French Police emergency squad. Trouble broke out at the North Station Co-operative Workers' Society's headquarters when Tun Tso-shan arrived to take over the executive duties of the Society under instructions from the Railway Administration, and a number of workers opposed to his appointment clashed with his supporters, a free-for-all fight ensuing, in which iron rods and poles were used until the battle was ended with the arrival of the Police. More than twenty workers were injured, one of them dying on the way to hospital. About twenty arrests were made.

A minor riot, in which a foreign Inspector of the Shanghai Municipal Police and a Chinese workman received slight injuries, occurred Aug. 26 in an alleyway at 136 Amoy Road, Shanghai, when a large force of police undertook to eject a number of employees of the Hwa Foong Flour Mill from the home of one of the shareholders of the mill, where they had gathered to demonstrate in support of a series of demands. The trouble dated back to last Saturday, when 200 of the 320 workers formerly employed by the mill, which is situated off Ferry Road in Chinese-controlled territory, called at the residence of Yih Sai-diu, to voice demands for retiring gratuities equivalent to three months' pay. The demands of the workers were rejected by Mr. Yih, whereupon the workers refused to leave the premises. The Police were thereupon summoned. The Hwa Foong Flour Mill ceased operations last February, when the manager, Loo Sau-dong, absconded with all the funds. The shareholder whose house was the scene of the riot decided to dispense with the services of the workers. He offered the latter one month's pay each as retiring gratuities. This offer was approved by the Bureau of Social Affairs but rejected by the workers, who had kept up an intermittent agitation ever since.

## Joseph Walden ("Mr. X.") Sentenced to 15 Years Imprisonment

Joseph Walden—Shanghai's mysterious "Mr. X."—who was charged with espionage, was found guilty by the Hupeh High Court Aug. 21. Six Chinese, including a woman, who were tried at the same time as his alleged accomplices, were also found guilty.

"Mr. X" was sentenced to 15 years imprisonment by the Hupeh High Court. As to how the six Chinese arrested and tried with Walden, fared, no word has been received. It is believed, however, that they also were convicted and sentenced. During the trial, Walden spoke in his own defense for two hours. He claimed that he was innocent of espionage, adding that he was not working for the Third Internationale but admitted that he was employed by an international group to study political and financial questions in China. He declared that in conducting such work, he was fully within his rights. Walden further charged that he had been 'framed' by the Japanese, and accused Shanghai police with having handed over to the Chinese officials an expense account book to be used as evidence which wasn't his at all. He admitted that his expense book had been seized, but declared that the one produced in court was not that one. Walden was represented at the trial by Messrs. Jen Kai-hen and Charles Chen, Hankow attorneys, and Paul Premet, of Shanghai.

## Agitation for Lower Rents Gains Momentum in Shanghai

That the Shanghai Municipal Council be asked to reassess the value of houses in the International Settlement with a view to fixing a new schedule of house rentals for the adoption of landlords and other real estate owners was one of the resolutions adopted at the meeting for the inauguration of the Rental Reduction Week held at the headquarters of the Ningpo Residents' Association Aug. 21. Other resolutions adopted included one calling for the organization of branches of the First Special District Rental Reduction Association by tenants in all the alleyways throughout the Settlement with a view to united action for bringing about a uniform reduction of house rentals by landlords. The local government and Party authorities, it was further decided, will be urged to draw up detailed measures governing rental reduction.

The meeting, at which the Rental Reduction Week was launched, was attended by more than 300 representatives of tenants' groups. Chen Chiu-feng and four other leading officials of the First Special District Rental Reduction Association presided.

Mr. Chen delivered the opening speech, in the course of which he emphasized the need for rental reduction as an indispensable step towards the trade revival of Shanghai. Landowners, he pointed out, should take the initiative of cutting the rentals for their houses if they do not want to see a general breakdown that has threatened the business of Shanghai due to the worldwide economic depression. The reduced scale of house rentals, he further pointed out, may be adopted only as a temporary measure and, as soon as Shanghai returns to prosperity, the original schedule will be restored.

## Pacific Banking Corporation to Return Money to Depositors

The Pacific Banking Corporation of Shanghai, incorporated (as were the Raven insitutions) under the laws of Connecticut, has announced its intention of suspending its savings and commercial deposits. Letters requesting depositors to withdraw their funds and to close their accounts as soon as convenient were sent by the bank to all depositors Aug. 28.

## U.S. Naval Maneuvers Next Year to Be Held Off Panama

It was announced in Washington, Aug. 22 that the maneuvers of the United States navy next year will be held off the west coast of Panama. The fleet will sail from California in April and will complete the maneuvers in May. Interviewed by the press, Henry Roosevelt, Assistant Secretary of Navy, explained that it was the custom of the fleet to change the zone of maneuvers every year and to operate at different strategical points each time. Mr. Roosevelt also declared that the choice of the new area for the fleet maneuvers was not caused by protests of certain Japanese papers at the time of this summer's maneuvers in the zone of the United States Pacific possessions.

### America Withholds Relief Funds from Philippines

The Washington Administration is withholding three million dollars requested by the Governor-General of the Philippines, Frank Murphy, for relief work in the Islands. The request was made by the Governor-General immediately after the Sakdalist uprising in May. No reason for the withholding of funds was given. The amount would be taken from accrued sugar processing taxes collected by the United States Government prior to October 15, 1934. The Bureau of Insular Affairs is seeking to release the funds for use in the Philippines immediately, it is understood.

### Congress Adjourns—Deficiency Bill Blocked by Huey Long

As a result of a filibuster by Huey Long, arch-enemy of President Roosevelt, the Senate adjourned at midnight Aug. 26 with the Third Deficiency Bill unenacted. The house adjourned at 12.09 a.m. after putting the clock back. The appropriation for the new Federal building in Shanghai was one of the things lost in the shuffle. It is presumed that money for the Appropriation Bill, the social security program and other features will be found elsewhere, possibly from work relief funds.

Congress passed several important measures, including: The amended Utilities Bill, providing for a modified "death sentence" on utility holding companies; the "Soak-the-Rich" Bill, increasing estate and income taxes, levying an excess profits tax, and increasing the individual surtax; the Dallas Oil Compact whereby the oil-producing States agree to limit their production of crude oil; and the Liquor Control Bill establishing a new alcohol commission under the control of the Treasury.

### Death of Veteran Motor Car Manufacturer

John North Willys, prominent automobile manufacturer and former U.S. Ambassador to Poland, died at his home in New York, Aug. 25.

### Pittman Silver Body Formally Organized

The Pittman Committee to investigate the results of the Silver Purchase Act to date was formally organized Aug. 26. The first meeting, it was decided, will be held at Salt Lake City in October but the exact date remains to be fixed.

## China Trade Act Companies to Be Exempt from Capital Stock Taxes

Telegraphic information was received by the American Chamber of Commerce of Shanghai Aug. 26 from J. B. Allman, the attorney who has been representing the China Trade Act companies in Washington, that the United States Congress had passed the revenue bill with a provision exempting China Trade Act Companies from capital stock and excess profit taxes.

There are approximately 100 China Trade Act companies throughout China. The purpose of the China Trade Act was to provide for special incorporation of companies here in a manner that would give them an equal chance with companies of other nationalities in their China operations. Mr. Allman argued that since competitors of American companies are not subject to capital stock and excess profit taxes, the exemption of the American companies from such levies was necessary to serve the purposes of the China Trade Act.

Forty representatives of China Trade Act companies held a meeting here last November to inaugurate a campaign against the proposed capital stock and excess profit taxes. Former Judge Milton D. Purdy was named chairman of a committee including J. Warner Brown, George F. Richardson, R. W. Brewer and Truman Johnson. A fund of U.S.$2400 was raised from 35 companies to carry on the fight in Washington, and J. B. Allman was named Washington representative of the group.

## "Tung Wu Magazine"

*Tung Wu Magazine* is the name of an excellent monthly journal published by the International Relations Club of Soochow University. The July issue is particularly valuable and interesting. The editor, T. Y. Huang, in a preface pays a tribute to Miss Helen Clark and Mrs. F. C. Ferguson for assistance in preparing the manuscript. The content cover a wide range. Among the subjects discussed are:—The Future of the Philippines, Recent Trends in China's Constitutional Development, Japan and Her South Sea Mandates, China's Attitude Towards the League of Nations since the Manchurian Crisis, The Past and Future of China's Trade with the United States, etc.

## In the United States Court for China

| | |
|---|---|
| EMOLYN ELDIVA HARGRAVE, Plaintiff, vs. GLENN MORTIMER HARGRAVE, Defendant. | Cause No. 3935<br>Civil No. 1857<br>ORDER<br>Filed at Shanghai, China, This 17 day of August, 1935.<br>William T. Collins, Clerk. |

The object of this suit is an action for divorce.

WHEREAS, Plaintiff herein, by her attorneys, has this 17th day of August, 1935, made application for the substitution of publication for personal service upon the Defendant herein; and

WHEREAS, it appears from the files in this case that on the 19th day of August, 1935, the summons for Defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 17th day of August, 1935, the Plaintiff herein filed an affidavit to the effect that the Defendant does not now reside in China nor has he resided therein since June, 1933, and that Defendant's last known address was Birthright, Texas.

NOW, THEREFORE, it is this 19th day of August, 1935, ORDERED that service upon the Defendant be made by publication once a week for three consecutive weeks in the *China Weekly Review*, Shanghai, China, a paper of general circulation most likely to reach the Defendant.

IT IS FURTHER ORDERED that the Defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 7th day of September, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

This 19th day of August, 1935.

MILTON J. HELMICK,
*Judge.*

## CUSTOMS NOTIFICATION No. 1462

The public is hereby notified that in accordance with Government instructions, all native anthracite coal (白煤) with fuel ratio at 5 or over will be exempt from export duty on shipment abroad as from the 16th August, 1935.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 28th August, 1935.

# New Books of Interest in the Far East

## When China and England Were at War

*A Critical Study of the First Anglo-Chinese War. By P. C. Kuo. With Documents. Commercial Press, Ltd. Shanghai, China.*

Dr. P. C. Kuo holds his Ph.D. degree from Harvard University; he is professor of History at the National Wuhan University and has gone very thoroughly into his subject, studying original documents of both Chinese and foreign sources, proving himself the historian indeed in his judicial handling of his source material.

All those who wish to understand China and the foundations of her international status should procure this book and read it carefully. The first Anglo-Chinese war was tremendously significant for China, marking a turning point in the development of her modern history. To dismiss the causes of the war by saying simply that it was "an opium war" is to approach China's early contacts with Western nations in altogether too superficial a manner. The immediate cause was opium, but an underlying source of conflict was the totally incompatibility of viewpoints. Due to the early ripening of her racial genius, the integrity of a highly developed culture, and consequently a relative lack of interest in other peoples, China had a definite spirit of aloofness and self-sufficiency. Had Great Britain been represented in her early commercial relationships by men of greater culture, not to say statesmanship, the whole course of her contact with China might have been entirely different

Looking backward, one can scarcely refrain from a feeling that British traders, more or less with the connivance of the home government, greatly wronged China in giving approval and aid to the smuggling of the iniquitous drug—always a contraband, no matter how many lesser officials may have been willing to profit through the promotion of the illicit trade—and one's sympathies are bound to be with the Chinese emperor in his sincere desire to eradicate the drug from China and effectively prohibit its importation. His representative at Canton, Commissioner Lin, put up a brave struggle to completely stop the smuggling of opium into China and by his drastic and determined policy would surely have been successful had not the British Government fitted out an expedition to "protect trade" in the Far East and exact reparations for injuries resulting patently from the illegal trade in opium.

That there were statesmen in England with vision who could even then (without the perspective of history) distinguish between "right" and "might" is evident from the position taken at the time by William E. Gladstone:

> "He (Gladstone) asserted that it was absurd to say that the Chinese government connived at the opium trade because a small number of local and subordinate officials received bribes from opium smugglers. He saw every justification for the act of Commissioner Lin in seizing the opium from British merchants. It was his belief that the measures of the Commissioner should not be roughly dismissed as a series of rash and hostile proceedings against the life, liberty and property of British subjects. For fully two years the provincial authorities had been using every conceivable means to effect the prohibition of opium, but the British merchants never paid serious attention to the orders of the Chinese government. 'Did the right honourable gentleman opposite know,' demanded Mr. Gladstone, 'that the opium smuggled into China came exclusively from British ports . . .? If that were the fact . . . . . then we required no preventive service to put down this illegal traffic . . . .' Mr. Gladstone *did not know a war more unjust in its origin or more likely to cover its government with infamy.*"

The Anglo-Chinese war with its reprisals, its dictated peace and its consequent treaties involving extraterritoriality and the most-favoured-nation clauses, was precipitated by the opium trade. Back of that were fundamental differences in the theory and practise of government and in the attitude of the Chinese government toward foreign trade in general. As long as the East India Company held a monopoly over British trade, things ran smoothly because of their willingness to submit to Chinese custom and procedure. With the abolition of the Company's monopoly in 1834, there was an insistent demand for changes in the mode of intercourse. This, with the great increase at the time in the amount of opium being smuggled and the drain of silver from China to pay for it, caused the outbreak of hostilites.

All the documents relevant to the author's thesis are given in full as an appendage to the book. Dr. Kuo thus safeguards himself from the accusation of having interpreted facts to make out a case. The book is a valuable contribution to the understanding of modern China and as to how some of the problems with which she wrestles today came into being. It is deserving of a better binding than the Commercial Press has given it, but undoubtedly one aim was to keep the book inexpensive enough to be available to every one interested.

G. T. F.

## Experts Discuss Foreign Policy of World Powers

*The Foreign Policy of the Powers: France, Germany, Great Britain Italy, Japan, Soviet Russia, United States. By Jules Cambon, Richard von Kuhlmann, Sir Austen Chamberlain, Dino Grandi, Viscount Ishii, Karl Radek, John W. Davis. With an introduction by Hamilton Fish Armstrong. New York, Harpers, 1935. 161 pages. $1.50 gold.*

This series of essays is written by eminent statesmen with the object of making plain the permanent bases which limit and guide the foreign policies of seven great powers. The underlying theme is that national policies, despite variations of the moment, conform to a pattern not dictated by personal inspiration or sudden maneuver, but by the continuity of material and psychological factors. These papers appeared originally in *Foreign Affairs*, a quarterly review published by the Council on Foreign Relations of New York.

One would not expect an academic discussion of national policy from such men as Jules Cambon, French Ambassador in Germany before the war, Dino Grandi, former Italian Foreign Minister, Viscount Ishii, former Japanese Foreign Minister or Karl Radek, editor of *Izvestia*. The writers of some of these chapters cannot forget their nationalistic aspirations or their grievances aganist the League of Nations. There is some tendency to interchange cause and effect, but the readers, being themselves members of national groups, will recognize this tendency and will be able to discount it. Some of the writers have gone out of their way to interpret the foreign policies of other nations than their own. Jules Cambon writes, "The policy of the Soviet Government in the Far East may differ in method from that which the Tsarist government followed; but it does not differ from it in spirit or objective." Following this lead of the French spokesman, von Kuhlmann affirms, "As long as there has been any French foreign policy at all, France has held to the principle that no unified power must be allowed to grow up in Central Europe." The fact that neither the Russian nor the French spokesman's interpretation of his country's foreign policy carries these ideas, makes them no less suggestive.

In a short review it is impossible to comment upon the thesis of each writer. In general the determining factors in foreign policy are admittedly geographical position and the historical development of each particular nation. Of special interest are the two essays discussing the foreign policies of Japan and Russia. The section on Japan is written by Viscount Kikujiro Ishii, former Japanese Foreign Minister, negotiator of the Lansing-Ishii agreement. He says that since the middle of the 19th century Japanese diplomacy had two objectives, equality and security. Along with Japan's internal rehabilitation has come judicial and tariff autonomy. The position in respect to equality in the matter of emigration is not yet satisfactory to Japan. The problem of security "has for seven decades been the absorbing problem of the nation and will evidently remain such for long years to come." Viscount Ishii likens Japan's interests in Korea and Manchuria to those of England in the Low Countries, but he does not pursue his analogy to its logical conclusion. Security is considered not only from the strategic but also from the economic standpoint. "In Manchuria our question is not merely one of prestige, it is one of life or death. This is the general conviction of the people... Today, as thirty years ago, Manchuria is the key to our security."

Karl Radek denies the priority of foreign over domestic policy and the theory of the continuity of foreign policy. "Foreign policy is a function of domestic policy. It solves problems which result from the development of a given society, a given state, under definite historical conditions." This theory he supports by historical illustrations from the wars of the industrial era. Tsarist policy, he says, originated not in geographical conditions but in the privileges of the Russian nobility and the demands of young Russian capitalism. Radek asserts that the main object of Soviet diplomacy is peace and neutrality manifested in armament reductions and non-aggression pacts. The fundamental principles of Soviet foreign policy "are all derived from the basic fact that imperialism is unable to solve the great problems which mankind has to face today. A new imperialistic war will not solve them."

This is a book worth careful consideration. It closes with a statement from Thomas Jefferson:

"I think with others that nations are to be governed with regard to their own interests, but I am convinced that it is their interests in the long run to be grateful, faithful to their engagements even in the worst of circumstances, and honorable and generous always."

F.M.R.

## First Chinese Edited Year Book to Be Issued Next Month

The first issue of the Chinese Year Book prepared in English entirely by Chinese will appear in the middle of September, according to its editor, Kwei Chung-shu. The new year book will have over 1,200 pages of facts and data presented in some 50 chapters. It is published and distributed by the Commerical Press, Ltd., under the auspices of the Chinese Year Publishing Co. The purpose of the year book, as explained in its "foreword" by Dr. Tsai Yuan-pei, president of Academia Sinica, "is to meet a need longfelt by the English-reading public As the publishers are noted for their independence of thought, the present volume may properly pride itself upon the authenticity of all data embodied therein."

## Szechuen to Be Center of Seven-Province Highway Network

An extensive network of inter-provincial highways connecting the seven West China provinces of Szechwan, Kweichow, Shensi, Kansu, Yunnan, Hupeh and Sikong, is to be completed by next April, according to instructions issued by General Chiang Kai-shek, Aug. 27. The centre of this network will be Szechwan province which, thanks to the energetic efforts of the provincial highway construction authorities, has now 3,000 kilometres of motor roads to-day. At present Szechwan is only linked by motor road with Kweichow, the Kweiyang-Chengtu highway having only recently been opened to traffic. When the network is completed, Szechwan will also be connected with Shensi, Kansu, Yunnan, Hupeh, and Sikong.

(1) Szechwan-Shensi highway: Surveying corps have been sent out from Chungking to survey the line by seven stages and telephone wires are already in the process of installation. Construction work on the highway will be started early September and the road is expected to be completed by Nov. 8.

(2) Szechwan-Kansu highway: This highway will be 200 kilometres in length when completed, connecting Chiyuo in Szechwan with Pikou in Kansu. This road is already in the process of surveying.

(3) Szechwan-Sikong highway: Surveying work on this highway has been entrusted to the National Economic Council and the road is expected to be completed by the end of November.

(4) Szechwan-Hupeh highway: This highway, when completed, will link up Chuhsien in Szechwan with Lichman in Hupeh. This road is also in the process of surveying and will be completed before next April.

(5) Szechwan-Yunnan highway: Plans have already been completed for the immediate commencement of construction on this highway which when completed will link up Chungking in Szechwan with Kunming, capital city of Yunnan.

In order to effect efficient management of this extensive network of highways, the Generalissimo's Provisional Headquarters has mapped out plans for the regulation of traffic and the operation of bus services on all these highways.

## Japan to Control Cotton Industry in North China

*(A dispatch in the Shun Pao, dated Tientsin Aug. 24)*

Following an investigation of conditions of the cotton industry in North China by Japanese textile experts in the past several weeks, the Japanese textile industrialists have decided to buy out the shares of the Chinese cotton mills in North China in order to extend their control over all cotton mills in the region. The Oriental Development Company, the Ta Fu Company, and the Yu Ta Cotton Spinning and Weaving Company (all Japanese owned) have been instructed to buy shares in Chinese cotton mills in North China. Of the six cotton mills in Tientsin, three have suspended operations because of business depression. Of the three now operating, only the Hwa Hsin and Pao Chen cotton mills are owned by Chinese. The third one, which is still operating—Yu Ta cotton mill—has been transferred to Japanese control because of its inability to pay debts due its Japanese creditors.

Of the three closed mills—Heng Yuen, Pei Yang and Yu Yuen cotton mills—only the Heng Yuen cotton mill may resume operations with further financial assistance from the Central Bank of China. It is feared that the other two mills will soon be controlled by Japanese because of heavy losses and debts.

## Limitation of Individual Freedom in China

*(Shanghai Correspondence in the Japan Advertiser)*

Without a doubt China is in for a period of control in China not only of the Press but also of all phases of social life. This is somewhat in accord with worldwide tendencies, toward the limitation of individual freedom but we fear that in China it will tend to be of an extreme type and as the editors point out very unreasonable as well as too idealistic to be actually workable. We must not forget, however, that this is all a phase of China's development from that of an age-old family system to that of national unity. A National Government not only nominally but in reality has some control over the affairs of its people. Of course the question of whether the nature of the Chinese is such that such a system will ever work is not being taken into consideration to any great degree and the fact that Chinese philosophy has taught for centuries "that he governs best who govern least" is overlooked in the emergencies of the moment which make China's leaders think that they must have the same type of government as other nations if they are to maintain their individuality.


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The 25 Chapters of the 17th issue of the CHINA YEAR BOOK, edited by H. G. W. Woodhead, C.B.E., have as usual been revised or rewritten with the assistance of many experts, Chinese and foreign, and every effort has been made to bring information and statistics up to date.

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# When the Radicals Quarrel—Agnes Smedley's Reply*

The Editor, *The China Weekly Review* :—

AN ORGY of articles, with accusations too numerous to mention, have appeared against me in recent issues of the Chinese capitalist and foreign imperialist press of Shanghai. Although written by different individuals—Kuomintang running dogs, Blue Shirt thugs, Japanese imperialists, or foreign Trotzkyist bar-room journalists, still the charges are identical, the manner of thinking the name, and the goal one. As Gorky once remarked to White-guards attacking him, so do I remark in a more modest way: "I cannot see the birds that sing, but I recognize them by their one common song."

A few months ago the *China Press* of Shanghai attacked me in a leading editorial and after that the foreign Trotzkyists on its staff or who work according to its line, sniped at me and at the Chinese Red Army. A few weeks later a vicious Japanese and Blue Shirt campaign was carried on in the press. There was a lull, then just a few weeks ago, the American weekly, the *China Weekly Review*, an organ defending the Nanking Government and Chiang Kai-shek, loaned its pages to a small gang of foreign Trotzkyists who, through their co-worker and colleague "W.B." and Wilbur Burton (one and the same) not only called me many fancy names, but wrote an article insidiously suggesting that I had written and circulated two anti-Japanese manifestoes of the Chinese Communist Party and the Chinese Soviet Government. This was an act of direct provocation, but since it failed to get the desired results, the attack was renewed in a later issue of the same journal. Finding their line of thought identical with his own, the editor of *The People's Tribune*, organ of the Wang Ching-wei clique, published an article signed "Junius Sinicus" renewing the attack along the same lines, then the *China Press* followed with a reprint of the same article and with letters against me.

As the old Chinese proverb says: "One dog barks and a hundred bark in chorus." The barking of these dark elements all accused about the same: That I am a liar, a Communist propagandist, a "Stalinist", a "pathological case", a person publishing dishonest things against the Nanking Government, Liu Hsiang and the British Minister to China; that I hide behind extrality rights to undermine China's prestige by making charges ranging from malfeasance to murder. The charges are that all my books and articles on the Chinese revolution and against the counter-revolution are lies, and the supreme "proof" trotted out to prove this is a distorted passage taken from my autobiographical novel when I was a child of five. Not one of the attackers has had the honesty to quote my books on China or to quote my facts in the July 3 issue of *The Nation* of New York. All attacks follow a method perfected by the Hearst press of America or by Hitler: to create a diversion on personal or racial grounds to hide the fundamental issues at stake. The attacks are not really against me as a person, but against my defence of the Chinese revolution in my books and articles.

About all of these charges I have a few things to say to the public:

My present convictions and knowledge about China and the Chinese revolution have not been gained easily. When I came to China in 1929, I entertained many illusions. A revolutionary in outlook who had worked with Asiatic revolutionary movements for some fifteen years, I found it difficult to believe all that I heard about the counter-revolution in China. I found it difficult to believe that human beings existed on this earth who could perpetrate the atrocities which the Chinese ruling class that came to power by a coup d'etat in 1927 was said to be perpetrating.

That which I learned after I came to China blasted all illusions. What I learned did not come from Communist sources. My associates were members of the ruling class—factory managers or owners, landlords in whose homes I was sometimes a guest, bankers with whom I dined, Kuomintang newspaper men, officially-appointed "labor leaders", officials of every rank; reactionary, liberal intellectuals. It was this class that was my teacher about themselves.

The ruling class taught me this also: that if any kind of reconstruction was undertaken, it was undertaken, not for the sake of China, but because this brought money to the private pockets of the men who engaged in these deals. For all this "reconstruction," however, the Chinese masses paid with their life's blood, yet from it they derived not one iota of benefit. To the modern factory machines little children, many of them slaves bought from bankrupt villages, were harnessed for from 11 to 17 hours a day, laboring often as "apprentices" for no wages whatever, at other times for less than to keep their lives in their tiny bodies. The roads built with forced labor of the masses—never once did one of the middle or upper classes lift a hand—without payment, were built, not only to benefit the foreign and Chinese automobile interests, but because these roads were needed to transport troops to hold the Chinese masses in continued subjection to the landlords, capitalists and militarists.

During the last wave of Japanese invasion of North China, even bourgeois foreign correspondents in Peiping reported that the Chinese censors, operating under government orders, forbade the publication of news of this invasion or of the Japanese ultimatums that turned all Hopei Province over to the invaders. Not only were Chinese newspapers forbidden to inform the Chinese people of actions which meant their own enslavement, but even foreign cables favorable to China were not allowed to pass the censors. At the same time, Chinese newspapers financed by the Japanese, published Japanese propaganda against China, and Japanese cables and telegrams passed the Chinese censors without one word being deleted. In this way the Chinese press became the mouthpiece of a foreign enemy—and not one Chinese newspaper man had the courage to sacrifice his life by violating these orders.

AGNES SMEDLEY.

Shanghai, Aug. 25, 1935.

**The above letter by Miss Smedley was considerably reduced through the elimination of irrelevant passages which did not refer to the subject—her reply to Wilbur Burton's review of her recent book—published in these columns on Aug. 3.—ED.*

## Foreigners Ordered to Obey Stamp Tax Law from September 1

The new law governing the collection of stamp taxes, to be effective from September 1, will apply to foreigners as well as Chinese, according to an order recently issued to the Ministry of Foreign Affairs by the national government.

The order, which has been forwarded to the Shanghai office of the Ministry of Foreign Affairs, instructs the Foreign Ministry to negotiate with diplomatic representatives of various foreign powers urging that nationals residing or trading in China be advised to pay the stamp tax from September in compliance with the new law promulgated on December 8, 1934 which will be enforced from September 1, 1935.

Under the provisional rules are regulations governing the collection of internal revenues, foreigners were not compelled to pay the stamp tax because of consideration made under the provisional rules of extra-territorial privileges. These provisional regulations will be cancelled upon the enforcement of the new law governing the collection of the stamp tax, the order states.

The Shanghai Office of the Ministry of Foreign Affairs, it is understood, is negotiating with diplomatic representatives of the various foreign powers in Shanghai in preparation for the enforcement of the national government order.


## Do Not Neglect Rheumatism!

### Had Mr. Gordon Taylor Purified And Enriched His Blood With

### Dr. Williams' Pink Pills

Earlier, He Would Have Been Saved Several Years' Suffering.

It is unfortunate for rheumatic suffers when they try to ignore the early signs of this painful malady, or waste time and money on wrong treatments.

Mr. Gordon Taylor, of Wentworthville, N.S.W., Australia, has authorized the publication of the following statement in the hope that it will save many who are afflicted with rheumatic ailments the long years of suffering he endured.

"Some years ago I suffered from poverty of blood and developed muscular rheumatism" states Mr. Taylor. "I could hardly lift up my arms, my joints and muscles were so stiff and painful. It was sheer agony to move or walk. For three years I suffered and tried many remedies without relief.

"At last a colleague recommended me to try Dr. Williams' Pink Pills. After taking a few bottles the pains grew less and I could get about much better. I kept on with the pills and am now entirely free from the stiffness and aches of rheumatism."

Poison-laden, impoverished blood is the root cause of rheumatism, so to effect a cure the blood must be purified, built-up, enriched. It is because they do exactly this that Dr. Williams' Pink Pills have earned their world-wide reputation as a remedy for rheumatism, sciatica, lumbago, as well as for anaemia and general debility in both sexes. Of chemists everywhere.


**The National City Bank of New York, Rates of Exchange**

Shanghai, August 28, 1935

| | |
|---|---|
| Demand selling rate on America: | U.S.$1.00=Sh. $ 2.70 |
| Demand buying rate on America: | U.S.$1.00=Sh. $ 2.67 |
| Demand selling rate on London: | £1.0.0=Sh. $13.47 |
| Demand buying rate on London: | £1.0.0=Sh. $13.28 |

## AIR MAIL and PASSENGER SERVICE

*W.* SHANGHAI-HANKOW LINE *E.*

| | | |
|---|---|---|
| 7.00 *dep.* | Shanghai | *arr.* 14.05 |
| 9.15 *arr.* | Nanking | *dep.* 11.50 |
| 9.30 *dep.* | Nanking | *arr.* 11.35 |
| 11.15 *arr.* | Anking | *dep.* 9.50 |
| 11.20 *dep.* | Anking | *arr.* 9.45 |
| 12.20 *arr.* | Kiukiang | *dep.* 8.45 |
| 12.35 *dep.* | Kiukiang | *arr.* 8.30 |
| 14.05 *arr.* | Hankow | *dep.* 7.00 |

Daily Service

*N.* SHANGHAI-PEIPING LINE *S.*

| | | |
|---|---|---|
| 6.30 *dep.* | Shanghai | *arr.* 12.25 |
| 7.30 *arr.* | Nanking | *dep.* 11.25 |
| 7.50 *dep.* | Nanking | *arr.* 11.05 |
| 9.40 *arr.* | Tsingtao | *dep.* 9.15 |
| 10.00 *dep.* | Tsingtao | *arr.* 8.55 |
| 11.45 *arr.* | Tientsin | *dep.* 7.10 |
| 12.00 *dep.* | Tientsin | *arr.* 6.55 |
| 12.25 *arr.* | Peiping | *dep.* 6.30 |

N. Bound on every Tuesday & Saturday—S. Bound on every Wednesday & Sunday. *Douglas P.*

| | | |
|---|---|---|
| 6.30 *dep.* | Shanghai | *arr.* 3.30 |
| 9.30 *arr.* | Haichow | *dep.* 12.30 |
| 9.45 *dep.* | | *arr.* 12.15 |
| 11.05 *arr.* | Tsingtao | *dep.* 10,55 |
| 11.20 *dep.* | | *arr.* 10.40 |
| 2.30 *arr.* | Tientsin | *dep.* 7.30 |
| 2.45 *dea.* | | *arr.* 7.15 |
| 3.30 *arr.* | Peiping | *dep.* 6.30 |

N. bound on every Tuesday—S bound on every Friday. *Stinton P.*

*S.* CHUNGKING-KUNMING LINE *N.*

| | | |
|---|---|---|
| 10.00 *dep.* | Chungking | *arr.* 3.30 |
| 12.30 *arr.* | Kweiyang | *dep.* 1.00 |
| 1.00 *dep.* | | *arr.* 12.30 |
| 3.30 *arr.* | Kunming | *dep.* 10.00 |

S. Bound on every Thursday. N. Bound on every Friday.

*E.* CHENGTU-CHUNGKING LINE *W.*

| | | |
|---|---|---|
| 12.00 *dep.* | Chengtu | *arr.* 16.30 |
| 14.00 *arr.* | Chungking | *dep.* 14.30 |

Both East and West Bounds on every Monday, Wednesday, Friday and Saturday.

*W.* HANKOW-CHUNGKING LINE *E.*

| | | |
|---|---|---|
| 7.30 *dep.* | Hankow | *arr.* 15.50 |
| 9.00 *arr.* | Shasi | *dep.* 14.20 |
| 9.15 *dep.* | Shasi | *arr.* 14.15 |
| 10.00 *arr.* | Ichang | *dep.* 13.30 |
| 10.15 *dep.* | Ichang | *arr.* 13.15 |
| 12.25 *arr.* | Wanhsien | *dep.* 11.05 |
| 12.40 *dep.* | Wanhsien | *arr.* 10.50 |
| 14.30 *arr.* | Chungking | *dep.* 9.00 |

West bound on every Monday, Wednesday and Friday.

East bound on every Tuesday, Thursday and Saturday.

*S.* SHANGHAI-CANTON LINE *N.*

| | | |
|---|---|---|
| 6.30 *dep.* | Shanghai | *arr.* 15.00 |
| 8.25 *arr.* | Wenchow | *dep.* 13.05 |
| 8.45 *dep.* | Wenchow | *arr.* 12.45 |
| 10.05 *arr.* | Foochow | *dep.* 11.25 |
| 10.25 *dep.* | Foochow | *arr.* 11.05 |
| 11.35 *arr.* | Amoy | *dep.* 9.55 |
| 11.55 *dep.* | Amoy | *arr.* 9.35 |
| 12.55 *arr.* | Swatow | *dep.* 8.35 |
| 13.15 *dep.* | Swatow | *arr.* 8.15 |
| 15.00 *arr.* | Canton | *dep.* 6.30 |

South Bound on every Tuesday and Friday.

North Bound on every Thursday and Sunday.

CHINA NATIONAL AVIATION CORPORATION

# EURASIA AVIATION CORPORATION

## FALL TIME TABLE 1935

### Shanghai-Tchukuchak Line

| West Bound | | | East Bound | | | |
|---|---|---|---|---|---|---|
| Sunday | 7.00 | Lv. Shanghai | Ar. 16.20 | | | Sunday |
| | 8.30 | Ar. | Lv. 14.50 | | | |
| | 9.00 | Lv. Nanking | Ar. 14.40 | | | |
| | 12.00 | Ar. | Lv. 11.40 | | | |
| | 13.00 | Lv. Chengchow | Ar. 11.10 | | | |
| | 15.20 | Ar. | Lv. 8.50 | | | |
| Monday & Thursday | 8.30 | Lv. | Ar. 17.20 | | | Tuesday & Saturday |
| | 11.30 | Ar. Lanchow | Lv. 14.20 | | | |
| Temporarily Suspended | | Lv. | Ar. | | Temporarily Suspended | |
| | | Ar. Suchow | Lv. | | | |
| | | Lv. | Ar. | | | |
| | | Ar. Hami | Lv. | | | |
| | | Lv. | Ar. | | | |
| | | Ar. Urumtchi | Lv. | | | |
| | | Lv. | Ar. | | | |
| | | Ar. Tchukuchak | Lv. | | | |

### Peiping-Canton Line

| South Bound | | | North Bound | | | |
|---|---|---|---|---|---|---|
| Thursday & Sunday | 8.00 | Lv. Peiping | Ar. 15.40 | | | Wednesday & Sunday |
| | 11.30 | Ar. | Lv. 12.10 | | | |
| | 12.15 | Lv. Chengchow | Ar. 11.25 | | | |
| | 14.50 | Ar. | Lv. 8.50 | | | |
| Friday & Monday | 8.00 | Lv. | Ar. 13.20 | | | Tuesday & Saturday |
| | 9.40 | Lv. Hankow | Lv. 11.40 | | | |
| | 10 00 | Lv. Changsha | Ar. 11.20 | | | |
| | 13.20 | Ar. Canton | Lv. 8.00 | | | |

### Lanchow-Paotow Line

| North Bound | | | South Bound | | | |
|---|---|---|---|---|---|---|
| Monday & Thursday | 12.30 | Lv. Lanchow | Ar. 13.20 | | | Tuesday & Friday |
| | 14.30 | Ar. | Lv. 11.20 | | | |
| | 15.00 | Lv. Ninshia | Ar. 10.50 | | | |
| | 17.20 | Ar. Paotow | Lv. 8.30 | | | |

NOTE:—1. Shanghai-Tchukuchak and Peiping-Canton lines are connected with each other at Chengchow, thus providing a most convenient route for Shanghai/Lanchow—Peiping/Canton.

2. Special flights to other places can be arranged only under special agreement.

## Latest New York Stock Exchange Quotations

August 28, 1935
Stock Exchange – Business Done:-
Total Volume: 2,130,000 Shares

| 1934-35 High | Low | Div. $ per sh. | STOCKS | Last Sale Aug. 26 | Aug. 27 |
|---|---|---|---|---|---|
| 11⅞ | 4⅝ | — | Adams Express | 8¼ | 8 |
| 146 | 90¼ | 4.00 | American Can | 139¾ | 137 |
| 24 | 14⅝ | 0.40 | Amer. Cyanamid "B" | 24 | 23¾ |
| 13¾ | 2 | — | American & For. Power | 6 | 5½ |
| 41 | 11¾ | — | American & Foreign Pwr. $7 pref. | 33¾ | 30 |
| 18½ | 10 | — | American Radiator & S.S. | 17¾ | 17⅝ |
| 140½ | 99¼ | 9.00 | American Tel. & Tel. | 136 | 134½ |
| 100¾ | 67 | 5.00 | American Tobacco "B" | 100 | 100½ |
| 27⅝ | 7¼ | — | American Waterworks | 15⅝ | 14 |
| 20¼ | 8 | — | Anaconda Copper | 20¼ | 19 |
| 73⅝ | 26⅝ | 2.00 | Atchison, T. & S. Fe | 50⅝ | 48½ |
| 57⅞ | 15 | — | Auburn | 34⅝ | 33 |
| 34½ | 7⅞ | — | Baltimore & Ohio | 16¼ | 15⅛ |
| 49½ | 22¼ | — | Bethlehem Steel | 39 | 36⅞ |
| 15⅛ | 6⅛ | — | Boeing Airplane Co., | 15¼ | 14⅝ |
| 49⅜ | 16⅛ | 1.50 | Borg Warner | 48½ | 47 |
| 18¼ | 9⅜ | — | Canadian Pacific Railway | 10⅜ | 10⅜ |
| 38⅝ | 35 | — | Case, J. I. | 70⅝ | 68¼ |
| 54⅞ | 23 | 1.00 | Caterpillar Tr. | 53½ | 52 |
| 40¾ | 15⅞ | 1.40 | Chase National Bank | 34⅞ | 33 |
| 49⅞ | 34 | 3.00 | Chesapeake Corp. | 46 | 44 |
| 48⅝ | 37⅛ | 2.80 | Chesapeake & Ohio | 46½ | 45⅜ |
| 62 | 29¼ | 1.00 | Chrysler | 61⅜ | 58½ |
| 19¼ | 3¾ | — | Columbia Gas & Electric | 11⅞ | 10½ |
| 36⅜ | 15⅜ | 0.60 | Coml. Solvents | 19¼ | 19 |
| 3⅜ | 0⅜ | — | Commonwealth & Southern (ord.) | 1⅞ | 1¾ |
| 47⅜ | 16¼ | 1.00 | Consolidated Gas of N. Y. | 29¾ | 26¾ |
| 14¼ | 6¼ | 0.28 | Consolidated Oil | 9½ | 9¼ |
| 23 | 15½ | 0.25 | Contin ntal Oil | 22½ | 21 |
| 84¼ | 55½ | 3.00 | Corn Products | 67½ | 67⅜ |
| 31¾ | 14½ | 0.75 | Douglas Aircraft | 31⅜ | 30¼ |
| 120¼ | 80 | 3.60 | Du Pont de Nemours | 120¼ | 117 |
| 23½ | 3¾ | — | Electric Bond & Share | 12⅞ | 10½ |
| 17⅝ | 8¼ | — | Fox Film "A" | 15¾ | 15⅜ |
| 32¾ | 16⅞ | 0.60 | General Electric | 31⅝ | 30⅛ |
| 37½ | 23 | 1.80 | General Foods | 34½ | 34⅛ |
| 45⅝ | 24⅝ | 2.00 | General Motors | 43¼ | 42⅛ |
| 45¾ | 13¾ | 1.00 | General Railway Signal | 33 | 32 |
| 23 | 14½ | 1.20 | Gold Dust | 15⅝ | 15⅝ |
| 41⅝ | 16 | — | Goodyear Tire & Rubber | 20¼ | 19⅜ |
| 60⅝ | 33¼ | 1.00 | Humble Oil | 57½ | 56⅜ |
| 29¼ | 21 | 0.80 | International Nickel | 29⅜ | 28⅜ |
| 17⅝ | 5⅜ | — | International Tel. & Tel. | 10⅜ | 10⅛ |
| 66⅞ | 39 | 0.25 | Johns Manville | 68⅜ | 65½ |
| 24 | 14 | 0.60 | Kennecott | 24 | 22⅝ |
| 43⅞ | 20⅜ | 2.00 | Loew's Inc. | 41½ | 40¼ |
| 25 | 15⅜ | 1.20 | Lorillard | 25 | 24⅜ |
| 77 | 39 | 1.00 | Monsanto Chemical | 73¾ | 72¼ |
| 36⅜ | 20 | — | Montgomery Ward | 34½ | 33½ |
| 43 | 16⅞ | 1.00 | National City Bank | 31⅜ | 30 |
| 18⅜ | 13 | 1.20 | National Dairy Prods. | 16 | 15½ |
| 31⅜ | 16 | 2.00 | National Distillers | 26 | 27⅜ |
| 15½ | 5 | 0.80 | National Power & Lt. | 10⅞ | 10¼ |
| 45¼ | 12¼ | — | New York Central | 23⅞ | 21⅞ |
| 25¼ | 9¼ | 1.00 | North American | 20½ | 18½ |
| 28½ | 12⅜ | 1.50 | Pacific Gas & Electric | 27 | 24 |
| 44½ | 19 | 2.40 | Pacific Lighting | 40¼ | 39¾ |
| 6⅜ | 2⅜ | — | Packard Motors | 4⅜ | 4½ |
| 81 | 51½ | 2.00 | Penney, J.C. | 80⅜ | 80½ |
| 39¼ | 17¼ | 1.00 | Pennsylvania Railroad | 27⅜ | 26⅝ |
| 28⅞ | 13 | 1.00 | Phillips Petroleum | 28⅞ | 28⅛ |
| 46 | 20⅜ | 2.40 | Public Serv. of N.J. | 40⅜ | 40 |
| 8¼ | 4 | — | Radio Corporation | 6⅞ | 6½ |
| 62⅜ | 43¼ | 3.00 | Reynolds Tobacco "B" | 55 | 54⅛ |
| 38⅜ | 17½ | — | Schenley | 34¼ | 33½ |
| 58⅞ | 31 | 0.75 | Sears Roebuck | 57½ | 54⅝ |
| 19⅞ | 11 | 0.80 | Socony-Vacuum | 11⅞ | 11⅜ |
| 22½ | 10½ | 1.50 | Southern California Edison | 21¾ | 20½ |
| 33⅜ | 13 | — | Southern Pacific | 19¼ | 18¼ |
| 25¼ | 13⅜ | 0.80 | Standard Brands | 14⅛ | 13⅞ |
| 17 | 1⅜ | — | Standard Gas & Electric | 6 | 5½ |
| 50½ | 35⅝ | 1.00 | Standard Oil Co. of N. J. | 46¼ | 45⅝ |
| 67⅛ | 47¼ | 3.80 | Sterling Products | 64½ | 64 |
| 43¼ | 29 | 2.00 | Texas Gulf Sulphur | 34⅞ | 34½ |
| 8¼ | 5 | 0.30 | Transamerica | 7⅞ | 7⅝ |
| 68½ | 35⅜ | 1.60 | Union Carbide & Carbon | 64½ | 63⅝ |
| 133⅞ | 83¼ | 6.00 | Union Pacific | 99½ | 98¾ |
| 19¼ | 8½ | — | United Aircraft (New) | 18⅝ | 17⅝ |
| 8 | 3⅝ | — | United Airline Trans. | 8 | 7⅞ |
| 8⅜ | 1¼ | — | United Corporation | 4⅜ | 4½ |
| 20¼ | 9⅜ | 1.00 | United Gas Improvement | 15½ | 14⅜ |
| 66¼ | 40¼ | 2.00 | Universal Leaf | 61 | 61¼ |
| 64⅜ | 32 | 2.00 | U.S. Indus. Alcohol | 42½ | 41¾ |
| 24 | 9⅜ | — | U. S. Rubber | 14⅝ | 13⅛ |
| 59⅜ | 27⅞ | — | U. S. Steel | 45⅝ | 43⅝ |
| 21⅝ | 11¼ | — | Vanadium | 18½ | 17 |
| 8¼ | 2¼ | — | Warner Bros. Pictures | 5 | 5 |
| 67 | 27⅞ | 0.50 | Westinghouse Electric | 67 | 64⅝ |

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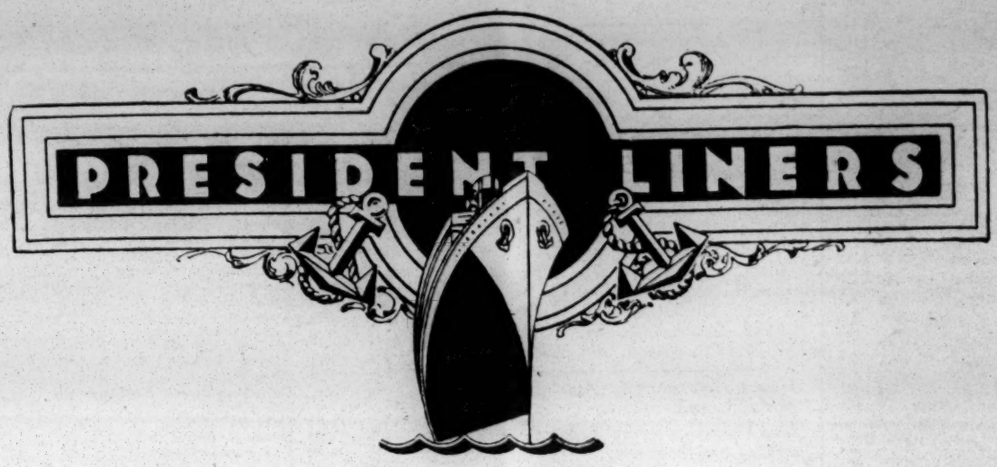


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